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CEMA MONETARY SYSTEM, DEVELOPING COUNTRIES DISCUSSED

Budapest PENZUGYI SZEMLE in Hungarian No 12, Dec 79 pp 890-899

[Article by Kalman Pecsi, chief of scientific department at the World Economy Research Institute]

[Text] The role of monetary and financial factors will no doubt increase in the development of economic ties between developing countries and the CEMA. This is a consequence of a number of factors. The most important among these is the constant change characterizing the economic structure of both groups of countries. The direction and intensity of these changes are considerably influenced, through internal and external impulses, by monetary and financial considerations. The other factor is the common goal of both groups of countries to move toward a definite change in their economic policy, their weight in the worldwide division of labor and their role in the world monetary system.

In this article I will discuss only one aspect of this complex topic: the question of monetary settlements between the two groups of countries.

The achievements and problems of monetary settlements between the two groups of countries are well-known among experts in the field. Therefore, my chief goal is to forecast future developments of monetary and financial relations and to approach the problem of the kind of changes to be expected in the development of the mechanism of economic relations between the two groups of countries and, in particular, with regard to monetary and financial relations. We are trying to find out whether the existing model of monetary relations represent only one aspect of the mechanism of economic relations.

1. The effect of bilateral trade on the development of settlements

The present state and the basis for further development of the monetary settlement situation between the two groups of countries is determined by the expansion of bilateral trade. This has a fundamental influence on the qualitative, internal (convertible or clearing currrency), quantitative and formal (bilateral or multilateral settlements) characteristics.

There have been important achievements in trade between the two groups of countries after the war. Progress has accelerated from the mid-1960's. The share of CEMA countries in the trade of some developing countries became quite substantial during the 1970's. Despite the positive aspects of trade development, the share of developing countries in the trade of CEMA countries was about 15 percent in the mid-1970's; the share of CEMA in the trade of developing countries was about 5 percent. This means that there are still large reserves available for the development of bilateral trade. Both groups of countries must increase the role of the other group in their trade policy strategy. The realization of this goal, however, is not made any easier by the trade situation that has emerged over the past few years and is reflected in the monetary area. What is the situation and what are the new conditions?

Perhaps we should start by pointing out that trade is taking place between different economic and social systems. The majority of developing countries belong to the capitalist world economy and market. As a result, the rules of the game must be those of international trade and money markets, together with their consequences in the monetary area. Therefore, socialist preferences and advantageous terms can exist only on a balanced basis.

The next important change is related to the transformation of export structures. At the present time, the structure of trade between the two groups of countries may be regarded as traditional. Most of the exports of CEMA countries are processed industrial goods and most of their imports are materials. However, the development of domestic industry results in the transformation of developing counties into important exporters of finished products, mainly light industry products. As a result, they are becoming our competitors in all three markets: developed capitalist, developing and socialist markets. These trends will lead to the gradual disappearance of the traditional complementary relationship between the two groups of countries. This complementary relationship must be recreated, in the not too distant future, on a new and higher level. This is the reason and the explanation behind the gradual shift away from bilateral "soft" clearing currencies, toward convertible currencies. The increase in healthy competion creates a need for suitable monetary conditions.

The first wave of industrialization of CEMA countries did not pay sufficient attention to the possibilities of regional specialization during the rapid development of export-producing sectors. As a result of parallel development projects already completed, one sees symptoms of competition extending into the area of finished goods to be sold to markets of developing countries. From a monetary standpoint, this contributed to static trade and monetary relations.

The machine industry export markets of developing countries are especially important for those CEMA countries that have started large volume exports of such products only relatively recently. The system of requirements related to the level of sophistication of these markets makes it possible for some developing countries to become very desirable trade partners on this basis. From a monetary standpoint, however, the factor mentioned leads to a situation where payments for these types of goods may be made in less valuable clearing currencies.

The structure of trade between the two groups of countries is affected by development trends of the world market. The bulk of world exports consists of industrial goods. The main direction of trade is toward the exchange of finished goods for finished goods, taking into account the increased prices of energy and raw materials. This major trend also influences the development of monetary and credit conditions. Presumably, this type of trade will lead to lessening or eliminating the role of overdraft-type credit conditions in bilateral clearing of short-term credits. In the case of medium and long term credits, stae loans will be increasingly replaced by private credit.

Up to now, we discussed the effects of trade development as they relate to types of currency and credit. We must also consider its effects on the possibility of increasing multilateral trade. It is sensible to take a look at concrete statistics:

Table 1

Distribution of total trade with developing countries among individual CEMA countries (in percentages)

		Export			Import		
		1970	1975	1977	1970	1975	1977
KGST összesen	1	100	100	100	100	100	100
Ebből:							
Bulgária	2	3,9	5,8	5,3	3,8	3,2	3,3
Magyarország	3	4,5	4,1	6,6	6,8	6,0	11,8
NDK	4	5,8	5,4	4,6	8,4	7,1	8,5
Lengyelország	5	8,3	10,6	8,4	9,0	8,6	8,2
Románia	6	5,6	12,4	11,9	5,7	10,1	13,0
Szovjetunió	7	61,1	51,4	56,8	56,3	58,2	47,1
Csehszlovákia	8	10,8	10,3	6,4	10,0	6,8	8,1

Forrás: Yearbook of international Trade Statistic. Vol. 1. 1978.

1. Total CEMA
2. Bulgaria
3. Hungary
4. GDR
5. Poland
6. Romania
7. Soviet Union
8. Czechoslovakia

Source: Yearbook of International Trade Statistics, vol 1, 1978

The chief conclusion derived from this table is that any monetary steps to be taken toward the development of multilateral relationships involving the developing countries must be preceded by the creation of multilateral relations in trade and settlements between CEMA countries and the USSR, with regard to trade in transferable rubles or other currencies. The fact that more than 50 percent of trade with developing countries is carried out by the USSR indicates that this is the primary factor in creating and ensuring the existence of multilateral trade and monetary relations with developing countries.

Up to now, we examined the efforts of trade on monetary relations only as they relate to conditions created in the past. The mid-seventies, however, have brought two new factors.

First: both groups of countries have an interest in increasing exports to markets of highly developed industrial countries. According to the latest studies, up to 85 percent of the export structure of CEMA countries is identical with the export structure of developing countries in the same markets. This means that unless we are able to reach suitable agreements in the very near future with regard to monetary, financial and trade spheres, the competition between the two groups of countries may increase drastically. Suitable payment, product and market agreements are necessary with the developing countries.

Second: the importance of cooperation with developing countries will undergo some changes in view of the construction of the energy system and other raw material production systems within CEMA.

Based on a survey of some of the monetary aspects of trade between CEMA and the developing countries we can conclude that monetary and financial relations with these countries are undergoing a transformation process.

2 Development of Payment Methods Between CEMA and the Developing Countries

It became clear already in the mid-sixties that payment methods and monetary relationships are important means of the development of trade between the two groups of countries. We also recognized that in the pervailing conditions at the time there were no methods of payment that were equally suitable for all participating countries. According to their interests, each country was looking for the most suitable framework for settling international obligations on a bilateral basis.

Payment agreements between CEMA and developing countries are mostly bilateral. Settlements, credits and other payments related to foreign trade were regulated by agreements between states. Three types of payment agreements have emerged:

- Pure clearing agreements; these are based on calculations of mutual obligations to be settled via supplementary shipment of goods.

- Mixed clearing agreements; these include both the cancelling of mutual obligations, supplementary shipment of goods and also convertibile currency payments among the possible methods of active account settlements.

- Pure payment agreements; here accounts are paid in covertible currency.

Pure clearing agreements had a clear economic importance in trade between the two groups of countries. They encouraged the growth of trade, eliminated the inhibiting effects of the lack of convertible currency, contributed to the stability of trade relations, in addiiton to guaranteeing the sale and import of needed goods. For some developing countries clearing agreements made it

possib... to include in their foreign trade certain domestically produced goods which were difficult to sell in world markets for convertible currency.

At the same time the economic growth and the structural and geographic diversification of the exports of most developing countries revealed the increasingly obvious deficiencies of clearing payments with regard to increasing trade and ensuring the profitability of bilateral transactions. Thus, for example, this trade also reflected the symptoms whereby clearing payments led to a certain deformation of trade. This was mainly related to the appearance of soft and hard goods and ensuring the composition of a product mix necessary for balancing payments in accordance with mutual interests. Prices are another problem in clearing accounts. They are significantly different from prices used in convertible accounts. Clearing accounts are also characterized by reduced demands with regard to the quality of the goods to be exchanged.

At the beginning of the seventies we shifted to convertible currency payments in our trade with a number of developing countries. In principle, these transactions allow more room for maneuver in broadening bilateral trade. Diversification in the monetary sphere promotes diversification in the product sphere of economic relations (trade, production cooperation), which can serve as a base for structural modernization of trade, better solution of the price questions and improving quality.

A definite interest is attached to trends in trade, grouped according to real payment methods. These statistics are presented in Table 2.

[see next page]

Table 2

Trade Between CEMA and Developing Countries Grouped According to Payment Method (in millions of dollars)

	Bulgária 1	Cseh-szlovákia 2	NDK 3	Magyar-ország 4	Lengyel-ország 5	Románia 6	SZU 7	Össz. 8
1965.								
A kereskedelem volumene 9	178,0	659,0	454,0	298,0	509,0	157,0	2 954,0	5 209,0
ebből: kliring 10	144,0	446,0	369,0	187,0	402,0	136,0	2 322,0	4 008,0
konvertibilis valuta 11	34,0	213,0	85,0	111,0	107,0	21,0	632,0	1 201,0
A kliring kereskedelem aránya 12	80,9%	67,7%	81,3%	62,8%	79,0%	86,6%	78,6%	77,1%
1970.								
A kereskedelem volumene 9	325,0	888,0	631,0	454,0	586,0	404,0	4 959,0	8 247,0
ebből: kliringben 10	244,0	613,0	530,0	342,0	447,0	318,0	3 621,0	6 115,0
konvertibilis valutában 11	81,0	275,0	101,0	112,0	139,0	86,0	1 338,0	2 132,0
A kliring kereskedelem aránya 12	75,1%	69,0%	84,0%	75,3%	76,3%	78,7%	73,0%	75,1%
1975.								
A kereskedelem volumene 9	1011,0	1828,0	1558,0	1193,0	1885,0	2042,0	13 742,0	23 259,0
ebből: kliringben 10	454,0	117,0	876,0	345,0	451,0	799,0	9 226,0	13 268,0
konvertibilis valutában 11	557,0	711,0	682,0	848,0	1434,0	1243,0	4 516,0	9 991,0
A kliring kereskedelem aránya 12	44,9%	61,1%	56,2%	28,9%	23,9%	39,1%	61,1%	57,0%

1. Bulgaria
2. Czechoslovakia
3. GDR
4. Hungary
5. Poland
6. Romania
7. USSR
8. Total
9. Volume of Trade
10. In particular: Clearing
11. Convertible Currency
12. Proportion of Clearing Trade

Source: UNCTAD Trade and Development Board. Review of the Present State of Payment Between Developing Countries and Socialist Countries of Eastern Europe, Geneva, 28 Nov 77 p 9

These statistics lead to the conclusion that clearing accounts tended to become less important starting from the seventies. In the case of individual CEMA countries there is a definite trend toward increasing payments in convertible currency. For the region as a whole the share of clearing payments remained constant between 1965 and 1970 at about 75 percent of total trade. By 1975 the share of clearing payments decreased to 57 percent. This trend continued between 1975 and 1977.

The other remarkable development is the increasing share of convertible payments, especially in the case of Hungary and Poland and, to a lesser extent, Bulgaria and Romania. The change is insignificant in the case of the USSR and Czechoslovakia.

Although the importance of clearing payments is clearly on the wane, one can still ask why developing countries still continue to show interest in clearing payments. The approximate answer runs as follows:

a) Some countries think that bilateral payment agreements can provide a framework for finding new export markets;

b) Other developing countries think that bilateral clearing leads to saving convertible currency;

c) Still other countries think that bilateral clearing enables them to obtain imports from CEMA countries which they cound not get from developed capitalist countries under similar conditions;

d) Some developing countries think that a clearing framework provides for more extensive development of their trade than convertible currency;

e) Finally, in the case of some developing countries the repayment of earlier large volume state loans necessitates the continuation of bilateral clearing arrangements.

In spite of this, the fact is that in 1975 and afterwards, in 1977-78, the majority of accounts with developing countries were settled by CEMA countries in convertible currency. The countries taking part in this form of payment stated their opinions to the effect that the transition from clearing to converible currency did not create new trade constraints; in fact, it represented new incentives and led to increasingly dynamic cooperation between industries and economies.

By the start of 1977-1978 both CEMA and developing countries find that the application of payment methods is satisfactory and is in agreement with their interests. At the same time, some developing countries stated that ensuring diversification of trade would encourage even more the operation of trade interests; some developing countries would be ready to reexamine bilateral agreements.

All of this leads to the question of diversification. The third session of UNCTAD made the following proposal: "Based on mutual agreement, bilateral payment agreements concluded with developing countries must promote elements

of flexibility and diversification by taking into account concrete conditions, the structure of trade, in order to facilitate trade and financial settlements."

The multilateral accounting system operating in transferable rubles could, in principle, provide an opportunity for encouraging multilateral payment transactions with developing countries. The Bank for International Economic Cooperation [NGEB], in cooperation with foreign trade organizations, started in 1965 to study the possibilities existing in this area and began the development of the technical system of financial transactions. In December, 1972 the Bank Council adopted a resolution on the conditions governing transactions in transferable rubles between bank member countries and outsiders. The bank may provide preferential credits to third countries. Nevertheless, the fact is that, up until now, developing countries are willing only to study the possibility of particiapting in the multilateral payment system based on transferable rubles. Some developing countries stated their willingness to become part of this payment system if it were possible to exchange tranferable ruble earnings for convertible currency.

This general survey leads to the following conclusion: by the mid-seventies trade between CEMA and developing countries grew substantially in volume and is continuing to develop. At the same time, there have been substantial changes in the area of payment methods. However, changes in the area of payments and settlements are still in a developing stage. At this point most developing countries favor convertible payments but their intention, in fact the only way, to implement this, is on a bilateral basis. The multilateral system of payments based on trasnferable rubles is not yet attractive and receives no attention on the part of developing countries.

This state of affairs is bound to worry us, at least to some extent. It appears that the closed and immanently bilateral characteristics of the system combined with the difficulties of mobilizing accumulated balances is in need of reexamination from this standpoint (i.e., the possibility of third countries joining it), among others.

In the following, we shall survey the possible theoretical models that may be considered in the course of a possible rethinking of financial relations between CEMA and developing countries.

3 Theoretical Models of Multilateral Payment Agreements Between CEMA and Developing Countries

The multilateral payment system of CEMA transacted in transferable rubles is essentially a planned system. The system allows movement of currencies and payments only within a planned framework. Its multilateral character is ensured by bilaterally planned and balanced flow of goods. Monetary settlements are the reflection of planned movement in the bilateral trade of products. All theoretical models must take these principal characteristics into account when describing the movement of payments between CEMA and developing countries. In our opinion, the following models are possible:

1) Participation of some developing countries in the system of multilateral settlements based on transferable rubles.

Presumably, this possibility is tied to a number of prerequisites. The most important among these are:

- Entry into the miltilateral system of payments is tied primarily to the conditions and norms of the planning of trade between the participating countries. This planning is related primarily to bilateral setting of shipment levels. Bilateral trade volumes are established for the medium range (approximately 5 years) and annually.

- Solution of the problem of short term credit. In principle, the basic framework for these credits does exist, since the NGEB has a credit system to handle preferential short-term credit.

- A very important precondition is the reorganization of foreign trade prices. We must assume that each country applying for admission into the system must reorganize these prices by arriving at the unified price for all countries participating in the settlement system. The presently existing preferential price system within CEMA may be attractive for those developing countries which have a relatively high percentage of imports consisting of energy sources. The transition to such a price calculation system, based on transferable rubles, may lead to definite advantages for an entering country.

- Acceptance of price calculation methods used in the CEMA market presupposes the acknowledgment of existing exchange rates between transferable ruble and convertible currencies on the part of the developing country entering the system. At the same time they must accept the 'cash down' payment method in use.

Considering the above preconditions, entry into the present multilateral system of settlements seems least difficult for developing countries with a socialist orientation. We can also assume that entry into the transferable ruble system may be attractive to developing countries dependent on imports of energy sources.

2) The second possibility seems to be the multilateral participation of CEMA countries in the markets of individual developing countries.

In this case the currency used to settle accounts among CEMA countries within the market of a developing country may be convertible currency or a clearing currency; one may also envisage a mixed variant. The essence of this approach is that if one or more CEMA countries handle their accounts in the market of another country in clearing currency, then certain financial operations (by using exchange premiums or discounts) may lead to a transition from clearing to convertible currency or, if necessary, the reverse. In case the majority of CEMA countries use clearing as their method of payment with the developing country in question, then the country using convertible payments may switch to clearing, provided it has an interest in doing so.

In this case credit procedures may be similar to the credit regulations of the multilateral payment system, i.e., the developing country in question may be eligible for preferential credits.

In such a payment system trade transactions may be carried out on the basis of world market prices.

The creation of a miltilateral payment system of this type is an internal matter for the participating countries, provided that accumulated balanced with the developing country in question are convertable to transferable rubles and vice versa. Presumably, such a model requires a much more flexible internal system of monetary regulations which may differ substantially from the present system of evaluating transferable rubles.

3) The next theoretical model may be provided by the creation of ties between existing multilateral clearing associations involving developing countries and the transferable ruble accounting system.

This version seems less likely. This is primarily because it assumes that the exchange rate for transferable rubles is set at a realistic level relative to the clearing systems mentioned. In this regard, we are once again faced with the problem of the setting of prices. Of course, in the final analysis, the problem of prices and exchange rated may be solved by monetary means, with variable exchange discounts and premiums depending on the volume and duration of repayment. The important aspect is that such a variant would create new opportunities from the standpoint of short term multilateral commercial credits. The global credit limits of CEMA countries and similar limits of the clearing association in question cound provide substantial sources of credit for the development of trade between the two groups of countries.

4) As an alternative variant, one can envisage the operation of organized systems with trilateral or multilateral shipments of goods, in a manner similar to those implemented in 1969 and the 1970's.

The essential aspect of these multilateral price switches is their pre-planned character. However, this requires the activation of the International Bank of CEMA in this direction; this is the only multilateral organization in the monetary and foreign trade sphere. These activities may involve the operation of certain specialized boards of exchange; of course, this should be done in a planned way necessitated by the character of such an operation. One can also envisage the participation of NGEB, as a collective monetary organization, in the process of the planning of trade with developing countries by creating correspondent relationships to complement its banking connections in this sphere of activity.

5) As a theoretical possibility, one must consider the entry of certain developing countries into the presently existing multilateral system of payments, with the added possibility of exchanging their accumulated balances, up to a certain upper limit, for convertible currency.

The variant in question starts out from a point made by a number of developing countries: namely, that the transferable ruble accounting system is unattractive to them because it does not provide the possibility of exchanging transferable rubles for convertible currency. The obvious solution for this problem seems to be the use of so-called "swapping" operations. These are based on the ability of the developing country in question to use certain positive balances in the form of credits provided in convertible currency. These can be paid back by purchases of products from CEMA countries, possibly in a planned manner. If the credits were insufficient to liquidate the positive balance of the developing country in question, then the loans may be extended automatically.

In essence, this method for converting transferable rubles into convertable currency is a very flexible one. Its main advantage is that a developing country entering into the multilateral system of settlements is not obliged to accept the planned aspects of prices and price covers existing within CEMA. In certain cases the conversion of obligations denominated in transferable rubles into convertible currency can be based on any exchange rate, since the balance will be settled, in the final analysis, within the same payment sphere. When necessary, exchange premiums and discounts may be applied to existing exchange rates. There is no doubt that the application of this type of multilateral arrangement provides an incentive for increasing trade volume.

6) As a possible variant, one may envisage a partial step toward multilateral arrangements within the area of a developing country, in the case of participation by a CEMA country in a large scale construction project financed by credit.

This type of multilateral arrangement depends primarily on the multilateral planning of the entry of CEMA countries into the market of the developing country in question. In this model, accounts with the developing countries involved are handled by a main contractor who distributes receipts according to an agreed-upon formula.

7) Another possible multilateral variant: the signing of product and market agreements between some CEMA countries and interested developing countries.

These product agreements mean that the developing country is getting access to secure markets for certain products within some NGEB countries. For example, such agreements may be reached for certain tropical plant products (banana, cocoa, etc.), some other raw materials or certain light industry goods (textiles, shoes, finished clothing, etc.). Such agreements deserve the interest of CEMA countries because they can insure the import of certain needed products under well-defined conditions. They represent definite advantages for the developing countries because they obtain large volume, secure markets. These product agreements may run from five to ten years, depending on mutual interest. The agreements may be tied together, i.e., the agreements may provide for participating CEMA countries coordinating their work. The price level of such agreements and the exchange rated applicable to mutual settlements are essentially not very important. Accounts may be settled in convertible currency, the national currency of the developing country or the national currency of individual CEMA countries.

8) Relative to the previous option, new opportunities are provided by the possibility of participation by some CEMA countries in the joint development of large volume raw material or other product development within the markets of individual developing countries.

CEMA countries have a great deal of experience in signing such agreements and financing related installations. The important aspect of these agreements is the help provided by CEMA countries, in the economic and technical fields, for the production of certain commodities. This help is repaid by the country in question in the form of raw materials. The system of settlements used may vary depending on whether convertible or clearing currency is used to settle accounts between CEMA countries and the developing countries in question.

9) And finally, there is the possibility of conducting pure multilateral monetary transactions with the help of the international bank of CEMA.

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CEMA LONG-TERM INVESTMENT PROJECTS DESCRIBED

Budapest NEPSZABADSAG in Hungarian 30 Jan 80 p 10

[Article by Dr. Laszlo Bonto, deputy department head, National Planning Office: "Higher Order of Cooperation"]

[Text] CEMA Goal-Program for the Manufacture of Industrial Consumer Items

The long-range cooperative goal programs which will run until 1990 were worked out by starting out from the comprehensive program aimed at developing the socialist economic integration and from the CEMA council's resolutions. These are qualitatively new steps to deepen the economic cooperation. The fundamental goal of the long-range program to be implemented in the manufacture and sale of industrial consumer items is that the CEMA countries should, by increasing the mutual shipment of finished products, increasingly satisfy their needs for industrial consumer items. The nearest task is: the bi- and multi-lateral agreements to implement the measures contained in the goal programs must be worked out. In these [agreements] the countries involved in them will define the specific areas and conditions of their cooperation.

Comprehensive Approach

The comprehensive approach prevailed in working out each of the long range goal programs. The programs, on the one hand, plan for the development of the raw materials base, and on the other hand, plan the establishment of such modern plants in the machinery industry of which the products will in the future lay down the foundations for the manufacture of consumer industrial items of high technological standards. Thus the comprehensive approach is expressed also in the links between the individual goal programs. The goal program for industrial consumer goods is connected to the cooperative goal programs worked out for the development of industrial raw- and basic materials bases and of agriculture, and also to the machine industry's goal program which is designed to promote the manufacture of modern machinery, and also the manufacture of equipment to be used for producing the industrial consumer items.

The goal program for industrial consumer goods includes the development of cooperation for the manufacture of light industrial and radioelectronics products, and household appliances. It will include the better meeting of demands for yard goods, clothing items and shoes, and development of yard goods manufacturing, ready-made clothing products, leather goods, rugs, furniture textiles, artificial furs.

The program deals with expanding the production of raw materials and materials in agriculture and in the chemical industry for the light industry. Included here are the increase of cotton production in the Soviet Union, expansion of chemical fiber producing capacities in the CEMA countries, and further specialization and expansion of cooperation in the manufacture of chemical fibers.

Better fulfillment of the demands for furniture by expanding the furniture producing capacities and the manufacture of industrial furniture accessories is an important part of the program. In accordance with this, the plans are to improve the mechanical equipment in the light and in the wood processing industries, to place automated, complete equipment lines into operation. In the light-and furniture industries the goal program made plans for working out 28 cooperative ventures.

Those steps taken by the goal-program are of similar significance which are expected to improve significantly the supply of household radioelectronics products. This part provides a sketch of the outlines to improve modern color television technology, including also specialized manufacture and mutual deliveries of picture tubes, subunits, service instruments, studio equipment, color picture recording casettes, magnetic tapes, casettes and semifinished products. It further includes the production of tape recorders, record players and their respective subassemblies.

Within the spectrum of radioelectronics products the goal program includes 8 agreements for specialization and cooperative projects and 5 agreements for scientific-technical cooperation to be worked out. Production of specialized materials and semifinished products needed for the manufacture of the products is a separate topic.

Specialization of Subunits and Component Parts

The program's third part which takes care to develop the manufacture of the two most important household appliances, refrigerators and automatic washing machines is aimed at making housework easier and producing equipment commensurate with increased hygienic requirements. The main direction of cooperation is to produce in a specialized and cooperative way the component parts and subunits required for this. Six collaboration, specialization and cooperative agreements are being worked out concerning household appliances and equipment.

Plans have been made for the joint application of several types of methods to carry out the goal program. On the one hand the mutual shipments of goods, within this the trade in the areas along the borders, exchanges of merchandise among department stores and in general the trade in selections will be increased

among the CEMA countries. The interested member countries have taken into consideration cooperation in making the investments, including also the coordination between investments. On the other hand special emphasis has been given to deepening the cooperation and manufacturing specialization of some industrial consumer items as well as of their component subassembly units and spare parts. One of the characteristics of the goal program of industrial consumer items is that for the radioelectronics products and for household appliances the manufacturing cooperation and specialization concerns primarily the standardized and uniform subassemblies and spare parts needed to manufacture the finished products.

And something which is promising also from the viewpoint of expanding the selection of products and improving their technological levels: the appropriate institutions and enterprises of the member countries will jointly, through coordinated scientific and technical-designs work out the new types of products and the newest manufacturing processes.

Each country will create primarily from its own means the development of the manufacturing capacities to produce the industrial consumer items. In the area of light industry, the cooperation is defined basically within the framework of bilateral plan coordination between the countries. For multilateral cooperative measures consideration is given to the expeditiousness of cutting down on imports from third countries, and to the possibilities of selling on third markets the jointly developed and manufactured products. To do this, there is the need first of all to organize well the cooperation of manufacturing the component parts which promotes the development of production runs of economical length, at the same time perfecting the manufacturing technologies, improving the quality of products, and successful scientific research projects aimed at applying the new, modern technology.

Economical Manufacturing

For the time being the expected mutual advantages can be defined only in large general outlines, but there is no doubt that with the implementation of the goal program each interested country can expect significant economic results. The most important elements of this are: expanding domestic selection and economical production. For example implementing the goal program endeavors to creat the foundations for the long range to satisfy our needs for temperature regulators, program switches and magnetic valves used in refrigerators and automatic washing machines. Our country does its share in the production of color TV control units, control instruments needed in the production of the TV sets and in the studios, and service instruments for color TV. To offset this, CEMA imports cover our color TV picture tube needs.

Among other things tape recorders, and refrigerators are some of our finished product exports, while we import color picture tape recorders, record players, radio-tape recorder combination units and automatic washing machines.

Based on the goal program it can be expected that by 1985 our reciprocal merchandise trade just in the selected radioelectronics items and household appliances and their spare parts will exceed 130 million rubles a year.

Reducing the details of the goal program into an agreement, coordination of the reciprocal obligations is the task of the appropriate CEMA permanent committees.

CEMA's light industry permanent committee has begun to work out the agreement plans, and at this time the experts are working on coordinating the various ideas. Working out the measures related to technical-scientific cooperation is progressing particularly well. Cooperation aimed at working out the technologies in shoe manufacturing, and also in the textile-, knitting-weaving and clothing industries can be singled out from among these.

CEMA's radioelectronics permanent committee is also working intensively on the tasks specified in the goal program. According to the permanent committee's resolution several agreement plans will be prepared in the first half of 1980. The interested countries have signed the technical-scientific cooperative agreements concerning the development of models of high technological quality color TV sets, far-ranging consolidation and standardization of their units, and even the civil law contracts have been negotiated and signed. In the first half of 1981 development of the third generation TV sets will also be completed.

Work Must Be Accelerated

The CEMA machine industry permanent committee also dealt with the tasks of developing the manufacture of domestic machinery deriving from the goal program. The technical-scientific cooperative agreement concerning modern reconstruction of the refrigerators and automatic washing machine [areas] has already been signed. Significant progress has been made in preparing the manufacturing specialization and cooperation agreement, inasmuch as it has been determined which products the individual countries will specialize in, the main technological parameters of the specialized products have been determined as have the volumes of the mutual deliveries of these.

Much work still awaits the CEMA countries to work out and implement the agreements and measures deriving from the goal program concerning the industrial consumer items. Considering the significance of this program the time for working out the most important cooperative agreements must be shortened wherever possible. Of course, it is even more important to begin implementing the agreements everywhere as soon as possible.

8584
CSO: 2500

MONETARY LOSSES FROM POOR QUALITY PRODUCTS DEPLORED

Tirana ZERI I POPULLIT in Albanian 7 Feb 80 p 3

[Article by Pavllo Gjidede: "How Much Longer, Comrades, Will You Tolerate Such a Situation?"]

[Excerpts] What did we learn in the Albkontroll Directorate in Durres?

Here are some concrete examples. Some 16 million leks worth of goods from the industrial branch of the economy were held up because of poor quality. Can we say that there is a real evaluation of the situation and of the poor quality products when they say "we have done our duty", "we have notified the appropriate organs", "these matters are not under our jurisdiction", "we must fulfill the plan", etc. But why are these goods of poor quality and why were they approved? This is not a correct attitude but directly the opposite. What are the 27 economists and inspectors in Albkontroll in Durres doing? And the dozens of other inspectors in each enterprise and in each executive committee of the peoples' councils, who allow such defects, which can be easily discovered, in goods? They are exonerating themselves and justifying themselves on the grounds that they have a heavy workload. But these excuses do not stand up. It is known that a decision has been made that the number of preliminary general inspections of products in the places in which they are produced should be increased 20 percent but there has been only a 3 percent increase. Therefore, in production, and in quality control there has been routine and irresponsible work.

Fortunately, during the past year there were no complaints from foreign firms. Poor quality, unacceptable goods were produced but they were held up in Durres. But, this is no cause for self-satisfaction. The assistant secretary of the party bureau, Astrit Azizi, told us that a large part of the goods have been released. Good. But how did this "release" come about? Some goods was returned to the districts. Other articles were improved on the spot. Workers went back and forth, fuel and time were wasted. In some cases, the cost rose considerably. Some directors of the producing enterprises justified the situation to the Albkontroll comrades as follows:

"What does it matter to you? We incurred the expenses outside of working hours(?!)" Such harmful practices continue to be based on theorizings such as "there will still be poor quality goods" and "we will keep watching". Foreign influences have not disappeared. They come, little by little, each day, from a number of directions. They are concrete manifestations of concepts which appear if we are not vigilant and which go away if we involve ourselves in struggling against them fiercely at the grassroots. We do not have to go far. Let us look at the producing enterprises in Durres. Some 10,448 pairs of tennis shoes, 430 quintals of paper and 327 copper utensils have been held up in the port because of poor quality. And when the problem is analyzed: how can one fail to be struck by the liberal attitudes of the 53 inspectors in the "official" structure in the enterprises in this district [Durres] as well as the inspectors at the rubber industrial enterprise? They were silent. They rotated round and round in justifications. In particular, some of them, vanquished by petit-bourgeois psychology, by bureaucracy or liberalism, have fled from responsibility. These people cannot be found with the workers when something is brought up for discussion, when issues are placed before the collective or the basic party organization. (Let us stress that each worker must say to himself or to his colleages "stop," when he sees a poor quality product being produced.)

Here is another, more flagrant example. A large quantity of poor quality chrome ore came into Durres a while back. It is well known that our chrome is of high quality. It is known that the Bater and Bulqize mines are noted for the high quality of their ore. We have not allowed and will not allow poor quality goods to be exported. This is a requirement of our trade activity. But what happened? In this concrete situation, neither the miners (not all of them, of course) nor the inspectors were doing their duty. The directors of the Bater and Bulqize mines, Ramazan Ceni and the inspectors working in the mines allowed ungraded ore to be transported, driven by the thought: "let us fulfill the plan, let us fulfill it totally". Also by thoughts such as: "since the ministry orders me, I cannot discuss the order, I can only execute it", "I, too, want to fulfill the plan" (the sector spirit), while the ore moves along and is thrown ungraded in the port of Durres. The ship is waiting to be loaded. The quality of the chrome is unacceptable because of the defects mentioned above and it is clear that some machines transported ungraded chrome. The time that the ship stands waiting is paid for in hard currency. Ten days delay costs us 40,000 dollars. But this is not all. Additional work must be done. Work which has been paid for must be paid for again. The questions arises: who extracted this poor quality ore? The workers. Has anyone found out who was at fault? Have there been detailed accounts by the basic party organizations and the mass organizations of the losses to our economy? What about the thousands of dollars spent in vain? It is true that our people held up the poor quality ore but why wasn't this done where it should have been done? The work of the Albkontroll inspectors does not take place and cannot take place on the asphalt streets of Durres but on the site where the ore is extracted.

In regard to chrome, and every high quality product, spontaneity cannot be allowed. Hard work, organization, discipline, and scientific management are required. We say this for the comrades of the executive committee of the people's council and the party committee in Durres District and the districts where the chrome is produced and for the comrades in the ministries. This tolerant attitude has been maintained, in our opinion, either because there has not been an exacting attitude from the grassroots level to the ministerial level or because of the fact that the assistance has not always been concrete and competent. Otherwise, how can one explain the attitude of the secretary of the party committee of the district which manages the unit, Shaqir Zeneli, who, although he has received information on the situation, has never gone to a meeting of the basic party organization of Albkontroll? Also, we have learned that deputy ministers of the ministries involved, for example Myzafer Ahmati, have gone to the grassroots but they have not delved deeply into these problems, have not "remedied the situation", and, what is worse, have not had contact with the sections of the executive committee and with the enterprises producing products for export. In the Albkontroll Directorate or in the party committee they tell us that "support from the Ministry of Foreign Trade has been quite poor and there has been a complete lack of support from the Ministry of Industry and Mines". This attitude is completely unjustified because this fact does not exempt the grassroots from its responsibility. When they go to the grassroots, not only should consultations be organized and concrete duties be discussed with the sections and the directorates, but also, problems should be raised in the party committee. Otherwise, matters remain unresolved and deficits in the economy increase. The shortcomings which we have mentioned show that director Hito Minga is not keeping his mind on his work, especially since he comes to Tirana each day since this is where his family is.

All these things indicate a spirit of liberalism and indifference which is very costly to the economy, which results in losses of millions. How long, comrades in Albkontroll and in the ministries concerned, will you tolerate such a situation?

CSO: 2100

BALANCE OF FUEL REQUIREMENTS, FUTURE POSSIBILITIES

Prague HOSPODARSKE NOVINY in Czech 18 Jan 80 pp 8-9

[Article by Karel Houdek, Doctor of Social Sciences, State Planning Commission; "Balances, Requirements, Possibilities"]

[Text] In accordance with the resolutions of the Fifteenth CPCZ Congress one of the most fundamental tendencies in the CSSR fuel and energy balance for the 1976-1980 period became the intensification of an orientation towards an increase in the role of our own resources in covering the requirements of the national economy. In this way, the course of action has been emphasized which it was necessary to adopt between 1973 and 1974, when matters led to a sharp increase in the prices of fuel and energy resources on world markets, in particular of crude oil, so that the orientation towards the securing of fuel and energy requirements by means of steadily increasing imports, in view of the stagnation of domestic resources, became no longer feasible for our economy.

Development in the 1970s

While in the Fifth Five Year Plan almost the entire growth of domestic fuel and energy resource consumption was secured through an increase in imports, only 78 percent of the 1976-1980 increase was obtained in this manner (22 percent of the increase was accounted for by the development of our own fuel and energy resources). This tendency will be significantly intensified in the next five year plan, when out of an overall increase in domestic primary energy resource consumption of about 12 million tons of measured fuel [tmp] about 24 percent will be represented by imports of enriched fuels. The consequence of this development is that only in the Seventh Five Year Plan will there be, even given an increase in absolute terms, a decline in the share of imported fuel and energy resources in the coverage of domestic consumption, while a significant increase in this share has been characteristic of the long lasting preceding time period. These conclusions stem from the data on table 1.

Table 1 Composition of Primary Energy Resources

SKLADBA PRVOTNÍCH ENERGETICKÝCH ZDROJŮ

Tabulka č. 1

	1960	1965	1970	1975	1980	1985
/1/ Tuzemská spotřeba prvotních energetických zdrojů (mil. tmp)	56,9	71,7	81,2	93,2	106,2	118,1
/2/ Dovoz prvotních energetických zdrojů (mil. tmp)	6,7	14,6	22,8	34,5	44,7	47,5
/3/ Podíl dovozu na krytí tuzemské spotřeby prvotních palivových a energetických zdrojů (v %)	11,7	20,4	28,1	37,0	42,0	40,2
/4/ Podíl dovozu na krytí přírůstku tuzemské spotřeby prvotních palivových a energetických zdrojů (v %)	—	53,4	86,3	97,5	78,5	23,5

Key:

1. Domestic consumption of primary energy resources (million tmp)
2. Imports of primary energy resources (million tmp).
3. Import share in coverage of domestic consumption of primary fuel and energy resources (percent).
4. Share of imports in coverage of increase in domestic consumption of primary fuel and energy resources (percent).

The structure of this increase is also changing significantly in connection with the shift of the increase in primary fuel and energy resources to the development of the domestic fuel and energy basis. Crude oil and natural gas, of which there are inadequate natural domestic sources, continue to dominate imports, inasmuch as they are for the time being irreplaceable by other types of fuels and energy in a number of consumption areas essential for the economic development of an advanced industrial country.

Table 2. Development of Domestic Consumption of Crude Oil, Oil Products and Natural Gas (million tmp)

	1960	1965	1970	1975	1980	1985
Overall domestic consumption	5.4	9.5	17.0	27.9	38.0	42.7
Increase	-	4.1	7.5	10.9	.0.1	4.7

As Table 2 indicates, increases in the consumption of crude oil, crude oil products and natural gas have been almost completely implemented by their increased importation. This development has made possible a very significant increase in the utilization of liquid fuels and natural gas in stationary energy generation as well. The consumption of these fuels for our own energy uses increased in the Fifth Five Year Plan and will increase in the Sixth Five Year Plan by about 7 million tmp. The steep rise in the prices of crude oil on world markets forces us, just as a majority of other nations, to restrict further increases in crude oil imports to a minimum. The goals of crude oil consumption in our national economy are consequently undergoing a fundamental change. Consumption will assure only the essential development

of petrochemicals, public and private transportation, and even in these areas we must embark upon a program of strictest economization.

The utilization of liquid fuels (heating oils) in the area of personal energy consumption, especially for heating purposes, must be sensibly lowered over the long term in comparison with the current level and alternative solutions sought through the help of other types of fuels and energy. This conclusion relates above all to the consumption of light heating oils and fuel oil.

Our projections for the development of natural gas supplies in the Seventh Five Year Plan, to count on a total increase of only about 1 million tmp. of enriched fuels for individual consumption. A significantly greater rigorousness in the scope of fuel and energy consumption rationalization is dictated by the very reality that a lesser increment of primary energy resources, with a worsened compositional structure, will be available in the Seventh Five Year Plan for the assurance of basically the same absolute increase in national income as in the Sixth Five Year Plan.

The increase of primary energy supplies for personal energy uses will be implemented after 1980 by brown coal and by electricity produced in atomic power plants.

Delayed construction work at the Maxim Gorky Open-Pit Mine in the North Bohemian Brown Coal Region has caused, among other things, a significant shortfall of quality graded coal needed for household supply. Therefore one of the important tasks of the upcoming five year plan is the replacement of graded coal in the operations of some industrial users with other types of fuel (especially powdered coal in boilers), freeing the graded coal for household use.

These post-1980 changes in the structure of the fuel and energy basis for individual energy uses require that needed alterations be assured in the production and installation of energy users. It is just as necessary to devote extraordinary attention to the assurance of fuel and energy consumption rationalization. These realities are among the main factors influencing the assurance of an uninterrupted fuel and energy supply after 1980. At the same time we must perceive right now the long-term basic strategic direction of the development of our fuel and energy balance, in which electricity production from atomic power plants will begin to account for most of the increase in primary energy supplies from the second half of the Seventh Five Year Plan. This tendency will be intensified in subsequent periods.

Resolutions of the Fifteenth CPCZ Congress established, in the area of the development of the fuel and energy complex, the assurance of 114 to 117 million tmp of primary energy supplies in 1980 as necessary for the development of the Czechoslovak economy. It looks like the level of assured supplies for 1980 will fluctuate around the lower limit of this range.

A comparison of the tasks of the Sixth Five Year Plan, which it is necessary to understand in conjunction with resolution number 23/1976 of the CSSR government, which directed brown coal regions to assure the capacity for mining 98.5 million tons in 1980, with the fact that the concrete extraction level for brown coal has been gradually decided in individual years of the Sixth Five Year Plan shows that the Czechoslovak economy has successfully come to terms with the effect of worsened external conditions for the resolution of the complex development of its fuel and energy basis. The resolution, however, of a number of structural, operational and supply problems, especially at the beginning of 1979, proved very difficult and complicated.

The overall volume of primary energy supplies delivered between 1976 and 1978 and projected in the plan for delivery to the national economy in 1979 and 1980 exceeded the target of the Sixth Five Year Plan by roughly 1 million tmp (i.e. by 0.2 percent), which was realized principally by the increased importing of fuels and energy. Deliveries of primary energy supplies for the coverage of domestic requirements in the national economy, including the necessary increase in fuel reserves, especially in 1970, when converted to measured fuel at full valuation, fully correspond, for the period 1976 to 1980, to the targets of the Sixth Five Year Plan.

In the area of domestic consumption the necessity has been fully confirmed to establish a long term concept for the priority utilization of crude oil for chemical processing and the requirements of motorization, of natural gas for technological purposes, and of domestic solid fuels, particularly those of low quality, to the greatest possible extent in the production of electricity and heat. The increasing problems in assuring the fuels and energy necessary for dynamic economic growth have shown unmistakably that prospective growth in fuel consumption will be significantly limited by the extent of the supplies which we succeed in assuring. The possibilities for economic development will therefore come to depend to an ever increasing degree on the amount of conservation and the level achieved in the estimation of fuel and energy supplies in the whole production process.

Prerequisites for the Seventh Five Year Plan

According to current ideas concerning the resolution of problems related to the Seventh Five Year Plan, it will be necessary to secure, by 1985, 124 to 126 million tmp of primary energy supplies in order to assure the planned economic growth rate. This will make possible a level of domestic consumption of primary energy supplies in 1985 in the range of 118 to 120 million tmp.

In comparison with past development, the present and future are forcing upon us a significant intensification of the rationalization process in the consumption of fuels and energy and the highest possible level of mobilization of our own resources in the areas of both fuel extraction and atomic energy. In an estimation of the possibilities for actually assurable fuel and energy imports, given their continually increasing price levels on world markets, it is possible to project, on the basis of current knowledge, that it will be necessary in the Seventh Five Year Plan to assure two thirds of an increase

in fuel and energy supplies from our own resources; the greatest increase, in electricity production from atomic power plants of approximately 13 billion kilowatt hours, will be assured from domestic resources. This conception of atomic energy development follows from the necessary presupposition that we succeed in eliminating existing shortcomings leading to delays in the start up of new facilities.

It is necessary to assure a further increase of 8 to 10 million tons (so that extraction would reach 101 to 106 million tons by 1985) in the mining of brown coal and lignite, which will be, even in the Seventh Five Year Plan, a basic source of our fuel and energy balance. Given the steadily worsening quality and caloric value of mined coal, this increase in extraction, converted to measured fuel, represents in 1985 an increase of 3.3 to 4 million tmp in comparison with 1980. In view of the development of the situation in the securing of fuels and energy on world markets, it is necessary to significantly restrict the growth of imports of fuel and energy supplies. It is mainly a question of crude oil, where, due to the maintenance of supplies imported from the USSR at 1980 levels, an increase in imports during the Seventh Five Year Plan must be implemented from capitalist markets according to the extent of our economic resources. In comparison with the domestic consumption level of primary energy resources in 1980, there is a planned growth by 1985 of 12 to 13 million tmp, i.e. an average yearly increase of 2.4 to 2.6 million tmp, which would fluctuate around the level of the Sixth Five Year Plan. It is necessary above and beyond this, however, and within the framework of this increase, to compensate, by means of an acceleration of the rationalization process in fuel and energy consumption, for the negative consequences of a significantly lower growth of supplies of enriched fuels, especially of heating oils and natural gas, which have a significantly higher effectiveness during consumption that solid fuels, and by means of an orientation towards the utilization of the whole increase in crude oil imports for chemical processing and motorization, without increasing supplies for stationary energy generation. It is possible to evaluate the loss in efficiency caused by this alteration as equivalent to 2 to 3 million tmp at 1985 levels.

At the same time it is necessary in the rationalization of consumption to create the conditions for an additional lowering of fuel and energy consumption and thus to compensate for an eventual worsening of conditions in the assurance of fuel and energy resource imports and for the risk inherent in the demanding tasks in the areas both of domestic mining and atomic energy.

Czechoslovak economists submit the overview in Table 3 on the basis of a current evaluation of actual possibilities.

Table 3 Fuel Balance

PALIVOVÁ BILANCE					Tabulka č. 3
	Měrná /1/ jednotka	1970	1975	1980	1985
Zdroje celkem /4/	mil. tmp /2/	88,7	100,1	113,7	124,6—125,9
	% /3/	100,0	100,0	100,0	100,0
Z toho:					
vlastní zdroje /5/	mil. tmp	65,7	66,3	68,9	77,1—77,8
	%	74,1	65,6	60,6	61,9—61,8
dovoz /6/	mil. tmp	22,8	34,5	44,6	47,5—48,1
	%	25,6	34,1	39,2	38,1—38,2
Potřeba celkem /7/	mil. tmp	88,7	101,1	113,7	124,8—125,9
	%	100,0	100,0	100,0	100,0
Z toho: /8/					
pro tuzemskou spotřebu	mil. tmp	81,2	93,2	106,2	118,1—119,4
	%	91,5	92,2	93,4	94,8—94,8
pro vývoz /9/	mil. tmp	6,9	7,9	7,1	6,4
	%	7,0	7,8	6,2	5,1

Key:

1. Unit of measurement
2. millions of tmp
3. percent
4. Overall supplies
5. Domestic supplies
6. Imports
7. Overall Demand
8. for domestic consumption
9. for export

An important problem in the resolution of the Seventh Five Year Plan will be the assurance of a uniform chronological distribution in individual years of the increase in fuel and energy supplies in the process of reaching 1985 levels. It appears that the resolution of the fuel and energy balance for 1982 and 1983 will be extraordinarily difficult, since according to current potentials the increase in supplies will amount to 1 and 1.6 million tmp in these years.

Regarding the application of particular types of fuel to domestic consumption, in the Seventh Five Year Plan there will appear a significant increase in electricity production from atomic power plants, an approximately 25 percent acceleration in the rate of solid fuel consumption, and a significant restriction in crude oil and natural gas consumption in comparison with the Sixth Five Year Plan.

The rate of improvement in the structure of the fuel and energy balance will slow down as a consequence of these tendencies. The share of solid fuels in overall domestic consumption will decline at a one third slower rate than in the Sixth Five Year Plan while the share of gaseous fuels will see a moderate increase, though insignificant in relation to the Sixth Five Year Plan, and the share of liquid fuels will decline instead of increasing as before. The share of other forms of fuel and energy, in which electricity produced in atomic power plants is included, will significantly increase, as shown in Table 4.

Table 4 Consumption Structure of Fuel and Energy Balance

STRUKTURA SPOTŘEBY PALIVOVÉ A ENERGETICKÉ BILANCE   Tabulka č. 4

	1970	1975	1980	1985
Tuzemská spotřeba celkem /1/	100,0	100,0	100,0	100,0
V tom:				
pevná paliva /2/	75,3	66,5	40,7	57,0
plynná paliva /3/	3,3	5,5	9,3	10,3—10,7
kapalná paliva /4/	17,6	24,5	26,4	25,5—23,8
ostatní paliva a energie /5/	3,8	3,6	3,6	6,8—6,9
V tom:				
elektřina z jaderných elektráren /6/		—	1,1	4,5

Key:

1. Overall domestic consumption
2. solid fuels
3. gaseous fuels
4. liquid fuels
5. other fuels and energy
6. electricity from atomic power plants.

Coal

The changes which took place after 1973 in the procurement of fuels and energy on world markets had a concrete impact as well on the principles of the fuel and energy policy of the Sixth Five Year Plan regarding the higher utilization of domestic fuel and energy resources, which followed also from actual possibilities for the utilization of geological brown coal deposits, especially in the development of the North Bohemian Brown Coal Region, which is providing the necessary fuel basis particularly for the assurance of electrical energy production, as well as from the reality that the Czechoslovak machine tool industry has been able in recent years to construct and supply reliable and sophisticated mining tecnnology (K1000, K800, Z1200 and others) to mining operations in the North Bohemian Brown Coal Region as well as for export, a feat which has demonstrated the abilities of Czechoslovak designers, producers and operators. Second generation technological units have been gradually brought on line in the course of the Fifth and Sixth Five Year Plans, first at the Maxim Gorky Open-Pit Mine and then at additional mines. The Sixth Five Year Plan for national economic development was based on their utilization in the resolution of the overall fuel and energy balance. Resolution number 123/1976 of the CSSR government, which approved the proposed Sixth Five Year Plan, concretely directed the CSSR Minister of Fuels and Energy to assure that brown coal regions be able to mine 98.5 million tons per year by 1980. The current situation indicates that this goal has not been reached by 2 to 3 million tons.

If the extraction levels established by the yearly plans in the first years of the Sixth Five Year Plan were successfully fulfilled, this was due solely to the fact that there was a sufficient head start in coal reserves already prepared for extraction. Plan fulfillment of the past two years has been, however, unsatisfactory. The unreliable operation of technological units is the chief reason for this situation.

The status of coal reserves already prepared for extraction has been developing unfavorably during the Sixth Five Year Plan in the North Bohemian Brown Coal Region, and especially at certain large open pit mines such as the Maxim Gorky and Czechoslovak Army Open Pit Mines, both of which are at a very low level. The following overview indicates current capacity:

	1975	1976	1977	1978	1979
Coal reserves prepared for extraction (million tons)	27.6	26.6	25.8	26.7	22.0

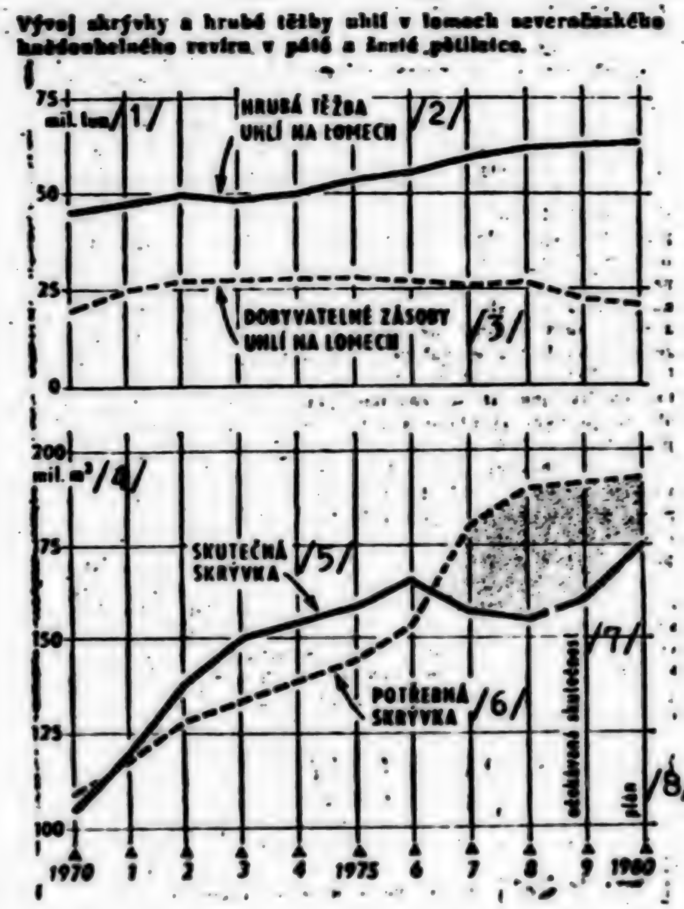
The chief cause of this situation is the delayed construction at the Maxim Gorky Open Pit Mine, which was supposed to assure the following production levels (in millions of tons):

	1975	1980	1985
Planned	8.5	15	16
Reality	0.4	6	10 (proposed)

Due to the lack of extraction capacity at the Maxim Gorky Open Pit Mine, this extraction had been assured by other mines of the North Bohemian Brown Coal Region. As a result, overall capacity had declined to such an extent that capacity was the chief reason for the difficulties in the supplying of fuel and energy to the national economy. Lagging extraction capacity, but especially the low capacity of the Maxim Gorky Open Pit Mine is having a significant effect not only on quantity, but is also especially causing lack of plan fulfillment in graded coal for the market fund and a change in the administration of coal loading and transportation to those places where the conditions for this have not already been created.

Since 1975 overburden removal has stagnated in the North Bohemian Brown Coal Region and this has created an unfavorable initial basis for the tasks of the Seventh Five Year Plan. The following graph shows the development of the overburden necessary for coal extraction in the Sixth Five Year Plan.

Overburden Development and Gross Coal Extraction in North Bohemian Brown Coal Region Mines during the Fifth and Sixth Five Year Plans



Key:

1. million tons
2. gross coal extraction in mines
3. extractable coal reserves in mines
4. million cubic meters
5. actual overburden
6. required overburden
7. expected reality
8. in Plan

This lagging overburden work is being caused by construction shortcomings, the quality of production and in the acceptance of large machines and second generation technological units. Due to lack of regional capacity, the planned levels of output have been replaced by higher output from the Sokolov Region. Continued higher output levels in this region will lead however to a shorter life for consumers located in the region itself, i.e. the Tis electric power station and the Vresova Works, and this situation would have very unfavorable consequences for the resolution of the fuel and energy balance after 1980 to the extent that the opening of the Cankov mine is delayed.

The resolution of brown coal and lignite output has become a key problem on the resource side of the fuel and energy balance for the post-1980 period,

and this will hold true even if the requisite acceleration in the tempo of conservation is achieved by the rationalization program. At the current state of work on the Seventh Five Year Plan the overall requirement for brown coal in 1985 is projected to be 106 million tons. The assuring of this output level places significant demands on timely investment and design preparedness and on the securing of construction projects by contractors. It requires increased technical development of open pit and underground mining operations (especially of the open pit mines in the North Bohemian Brown Coal Region and the underground mines of the Priedvidza General Management Concern) and the renovation of optimal operational certainty.

Coal mines are, basically, meeting the targets set by the Sixth Five Year Plan, even though this is requiring extraordinary measures such as mining on nonworking days, a significant amount of sublevel extraction and some minor utilization of coal reserves:

	1975	1976	1977	1978	1979 (projected)
Average working day out put (thousand tons)	91.5	90.1	87.5	88.4	88
Yearly nonworking day output (thousand tons)	600	920	1318	1331	1400

The current state of work on the preparation of the Seventh Five Year Plan follows from the possibilities of the Sixth Five Year Plan and indicates that the main tasks in coal mining development lie in the North Bohemian Brown Coal Region. It is a matter, prior to 1985, of assuring the overburden growth rate by means of the reconstruction and building of significantly higher quality technological units which will function according to design specifications. It is necessary at the same time to develop a plan so that brown coal mining will also increase between 1985 and 1990. This is a matter above all of the rebuilding of the Czechoslovak Army, Sverma, Merkur, Brezno, Chabarovice, Most and Vrsany open pit mines, but most importantly the Maxim Groky Open Pit Mine. The openning of new facilities; the Bylany and Libous mines, the continuing construction of the Jiri and Friendship mines in the Sokolov region, and the accelerated openning of the Cankov mine is also important.

It will be necessary to secure the development of facilities assuring mine construction, a sufficient number and quality of excavating, tunneling and extracting machines for low and saddle seams in order to maintain bituminous coal output in the Seventh Five Year Plan. In addition it will be necessary to rebuild and to construct new treatment equipment, which, due to a lack of domestic facilities in the CSSR, are now ordered partially from imports.

During the Seventh Five Year Plan in the Kladno Mining Concern construction will begin on the Slany and Chotikov mine and continue on the Frenstat and Pribor mines of the Podbeskyd Region and on the Darkov mine.

A yearly output at least equivalent to that planned for 1980 will be expected from the lignite mines of Slovakia and South Moravia. The implementation of the approved construction and rebuilding projects at coal operations will require almost 14 percent of the investment so far planned for all Czechoslovak industry; a 43 percent increase in fuel sector investment compared with the Sixth Five Year Plan is expected. Because such large investment resources are being sunk into the mining industry, we must immediately minimize, from the viewpoint of the reality of supply possibilities and of time, demands on these investment resources, but substantially increase demands on the quality of technical apparatus, so that it corresponds to design specifications and comes close to world standards.

Coke

There will be a shortfall of some 880,000 tons below the planned targets for coke production in the Sixth Five Year Plan. At the same time the Banska Coke Plant will overfulfill its target by about 240,000 tons. On the other hand, metallurgical coke plants will not fulfill Sixth Five Year Plan targets and fail to produce approximately 1,120,000 tons of coke. This underfulfillment of Sixth Five Year Plan targets in metallurgical coke plants is concentrated primarily at the Kuncice New Metallurgical Works of Klement Gottwald. The failures to assure coke production of the Kladno United Steel Works, National Enterprise and the Kosice VSZ approach this.

The underfulfillment of coke production targets chiefly effect exports to socialist countries. The CSSR will for the first time fail to fulfill long term agreements concerning coke exports to CEMA member countries. Likewise, coke exports to capitalist countries will not be fulfilled. Coke deliveries to the market fund are not being fulfilled for the final two years of the Sixth Five Year Plan. It is possible, that is, to characterize the situation in the supplying of coke to the national economy as very unsatisfactory, as a result of an underfulfillment of coke production targets in the coke plants of the Federal Ministry of Metallurgy and Heavy Machine Tool Industry in the final years of the Sixth Five Year Plan.

The unfavorable development of metallurgical coke plants will necessarily be taken account of in all years of the proposed Seventh Five Year Plan.

Lighting Gas

The Sixth Five Year Plan was drawn up after the successful course of the Fifth Fvie Year Plan, which saw, after five years, a final year consumption increase of more than 700 million cubic meters (i.e. 27 percent).

The Sixth Five Year Plan contained plans to proceed with a more rapid tempo in the conversion of subscribers to natural gas (from about 170,000 subscribers in the Fifth Five Year Plan to 300,000) and to further develop lighting gas in those areas which would not be reached by natural gas during the Sixth Five Year Plan, especially in certain quarters of Prague and in the basin regions of North Bohemia. The Sixth Five Year Plan established the assurance of 18.9

billion cubic meters of overall consumption, 10.8 billion cubic meters of which was for the nonproduction sphere. In reality, consumption reached 18.1 billion cubic meters (95.5 percent of the Plan), of which 10.9 billion cubic meters was for the nonproduction sphere. The underfulfillment of industrial consumption targets is connected with lower consumption due to investment shortfalls and with less specialized production dependent on lighting gas supplies. Even though the Sixth Five Year Plan will be moderately overfulfilled in the market fund area and other nonproduction spheres, it is in reality being restricted by inadequate local grids, the low capacity of residence distribution systems and the limited number of new appliances.

The production and consumption of lighting gas will decline in the Seventh Five Year Plan, in correspondence with the long term conception. Requirements agreed upon with all sectors-subscribers will be covered, insofar as the established subscriber conversion program to natural gas is adhered to.

Natural Gas

The consumption of natural gas increased by 1.9 billion cubic meters (i.e. 74 percent) during the Fifth Five Year Plan. The Sixth Five Year Plan presumed an increase in consumption at a still faster rate. It projected that natural gas would assure, in addition to its additional tasks, coke conservation in blast furnaces and in sintering plants, take the place of short heating oil and graded coal supplies, and solve environmental problems, especially in Prague and Bratislava.

According to the Sixth Five Year Plan 35.4 billion cubic meters were to be applied to overall consumption in the course of five years, 6.6 billion cubic meters of which was for the nonproduction sphere. The actual figure is expected to be 34.8 billion cubic meters, 98.2 percent of the target, 7.6 billion cubic meters of which was consumed by the nonproduction sphere, or 115 percent of the planned amount. The Slovak nonproduction sphere exceeded the plan by an especially large amount, while planned levels are not being reached in Czech territories, especially in Prague.

The underfulfillment of the industrial consumption targets is related to a lower level of specialized production (dependent on naturel gas supplies), especially in metallurgy, chemicals and the consumer goods industry, in construction and in lower consumption than that which had been planned for the requirements of transporting the natural gas. The for the most part favorable course of subscriber conversion from lighting gas and the construction and utilization of underground storage tanks can be considered significant successes. A 19.8 percent increase has so far been projected for the Seventh Five Year Plan, because originally planned increases in shipments from Iran will not be realized.

Propane-Butane for Gas Manufacturing Plants

While the Fifth Five Year Plan witnessed the achievement of a 60 percent consumption increase, the Sixth Five Year plan projected a moderate restriction

with an increase of 53 percent. The consumption level was supposed to reach 159,000 tons by 1980. The 1980 plan projects a 132,000 ton level, as a result of a lowered increment in processed crude oil, the priority utilization of propane-butane in the petrochemical industry, and in view of lower gas manufacturing requirements. This level is supposed to remain constant throughout the Seventh Five Year Plan.

Heating Oils

The development of heating oil consumption for fuel and energy purposes was infleunced during the Sixth Five Year Plan by difficulties in the procurement of crude oil in foreign markets. It was necessary to restrict the allocation of fuel reserves to the refining of this fuel, and in matters of new consumption to give preference to technological tasks and consumption in the areas of Prague, Bratislava and the basin areas of the North Bohemian region. In spite of these measures, the supplying of the national economy with heating oils is proceeding uniformly and there has been no need to limit operations due to lack of supplies. Consumption will increase in 1980 by 15 percent in comparison with 1975.

Difficulties, however, still crop up every year due to insufficient storage facilities at the producers as well as consumers. In the first quarter consumption significantly exceeds crude oil refining possibilities, and at this time, when the purchase price is at its highest, it has been necessary to import oil, while at the end of the third quarter relative surpluses tend to appear, which it was necessary to even export in 1979, with obvious economic losses.

The disproportionate rise in crude oil prices will significantly influence, however, heating oil consumption in the Seventh Five Year Plan. Instead of the earlier thoughts concerning a moderate decline, it will be necessary to begin a review of even existing consumption, since heating oil supplies, separated from production for fuel and energy purposes, will be approximately 320,000 tons lower in 1985 than in 1980.

The most serious situation is considered to be in relation to light heating oil, where it will be necessary to decrease consumption by almost 19 percent and prepare accelerated measures for converting to other fuels. At the same time the principle must be maintained of limiting as little as possible consumption in the nonproduction sphere in the areas of Prague, Bratislava and in the basin ares of the North Bohemian region.

There must be a significant reduction in the use of heavy heating oil for electricity production and the conserved oil must be used for the most essential areas of technological growth and to replace consumption of light heating oils.

9276
CSO: 2400

BRIEFS

TRACTORS FOR IRAQ--In 1980, the Motokov foreign trade enterprise will deliver to Iraq 9,000 unassembled Zetor tractors valued at Kcs600 million, which will be assembled by the firm Semi in Iskaeria near Baghdad. Accord-to Zetor director Eng Josef Chvalikov, Iraqi farmers are very satisfied with the tractors but would welcome better service in the supply of spare parts. [Prague LIDOVA DEMOKRACIE in Czech 12 Feb 80 p 2 AU]

BAHYL RETURN FROM MOSCOW--Pavol Bahyl, CSSR minister of general engineering, returned to Prague on 9 February from a short visit to the USSR. During his stay there, Bahyl discussed with V. A. Kazakov, the USSR minister of aviation, further expansion and prospects for cooperation in the aviation industry. Bahyl also met with V. Polyakov, USSR minister of automotive industry, with whom he discussed the coordination of development work in the production of trucks and passenger cars. [Bratislava PRAVDA in Slovak 11 Feb 80 p 2 AU]

1979 FIRES IN CSR--A total of 400 fires recorded in the Czech lands in 1979 caused damage amounting to Kcs120 million. Compared with 1978, the number of fires increased 2.3 percent, but ensuing losses dropped by more than one-third. The majority of the fires--35.5 percent--occurred in the housing sector, the highest losses--44.2 percent--were caused in industry. [Prague RUDE PRAVO in Czech 5 Feb 80 p 2 AU]

CSO: 2400

LABOR PRODUCTIVITY, MANPOWER PROBLEMS DISCUSSED

Leipzig LEIPZIGER VOLKSZEITUNG in German 24 Jan 80 p 8

[Response by Fritjoff Koesling, GDR Academy of Social Sciences, to a question by LEIPZIGER VOLKSZEITUNG: "No People, No People!"]

> [Text] "No people, no people!" are words that are often spoken today not in fun but in anger, because they imply that an order cannot be filled. The lack of manpower is today a frequent daily problem for managers. "We are looking for people from the nonworking population..." ads often say not only in corner stores but also in large industrial and construction combines.

Do we really have a manpower shortage in the GDR?

The degree of utilization of the social work potential can be the only basis for a reply to this question. In 1978, 8.6 million citizens in our country were working. This is 51 percent of the entire population, or 83 percent of the population of working age. In comparison with international standards we are one of the most progressive countries in the world.

Comparisons

The ratio between wage earners and total population is given for France as 43 percent, for the FRG 44 percent, the United States 46 percent, Great Britain 47 percent and the Netherlands 38 percent.

In 1977 only 67 percent of the population of the FRG that is fit for employment were working. Because capitalist statistics include millions of unemployed in the numbers of wage earners, the ratio between actual workers and the total population in these countries is still smaller.

In judging the manpower situation in the GDR the qualitative development of work capacity must be taken into consideration in addition to the quantitative aspect just mentioned because highly qualified skilled workers have been trained to meet the demands of our national economy. This fact, too, belongs

to the internationally recognized achievements of socialist society. Between 1970 and 1978, 2.2 million apprentices and workers passed their trade school final examination. The number of workers who have completed higher education has almost doubled since 1970 and stood at 467,000 in 1978.

These few figures prove that the GDR was able to utilize work capacity more intensively than it can be utilized in capitalist countries. This is a substantial advantage of socialist society.

What, however, is the relation between this evaluation that is so positive for the entire economy and the specific manpower shortage in almost all firms and enterprises? The key to an answer to this question lies in the relation between the level of production and the manpower situation, which Karl Marx explained as follows: "The smaller a country's ratio between productive population and total product, the richer this country will be... The smaller a country's ratio between the productive and nonproductive population, the richer will be this country...because the relatively small number of the productive population would only be another expression for the relative degree of labor productivity."

More Manpower Is Not a Permanent Solution

Thus the specific manpower situation is determined essentially by the production level in the producing sectors of the national economy. In the past years, a part of the economic growth of the GDR was achieved through the use of additional manpower in the material production sectors. In 1978, 81 percent of all workers were employed in producing sectors.

The number of workers and employees in industry rose by 300,000 between 1970 and 1978, the productivity of each worker and employee rose to 149 percent, and industrial gross production increased to 159 percent in the same period of time.

The Possibilities Have Their Limitations

But the possibilities to use additional manpower in the producing sectors, or to redistribute it are gradually being exhausted. Long-range demographic processes in the eighties will result in developments where the number of persons entering the professions will decrease. Increasingly, workers will be needed in the fields of services and in various sectors of the infrastructure. This is caused by our steadily rising standard of living and also by the progress of our material production. Therefore, work productivity must increase more rapidly than production. This will make it necessary for the producing sectors to save as much manpower as possible. There is no other possibility.

What Solutions Are Open to Us?

The question of how these problems can be solved under present conditions is clearly answered by the decisions of the party. The following points are especially important:

--Increasing use of investments for solving the problems of rationalization and reconstruction of already existing capacities.

In 1978, M49.1 billion were invested in our national economy. This tremendous potential must be used more effectively in order to raise the efficiency of the already existing places of production. This will make it possible to get along without additional manpower and in addition save a definite number of jobs.

--The work time now available must be better utilized. If we succeed in gaining an effective work time of 10 minutes daily in each job in the producing sectors of industry, this would correspond to the work capacity of 125,000 workers.

--Initiatives and proposals must be made which will result in greater achievement without increases in manpower.

The Schwedt competition initiative "Fewer People are Producing More" should be mentioned here as one of many good examples in this field.

Let us return to our starting point. The search for manpower among the "nonworking population" or even from the enterprise next door is no solution that is in the interest of our national economy. We do not need more manpower, but new ideas in order to increase labor productivity.

8889
CSO: 2300

BRIEFS

NEW AGRICULTURAL AIRCRAFT--A new agricultural aircraft, type PZL-106 will be used this year for the first time in GDR agriculture and forestry. With a capacity for treating 46 hectares per hour, the performance of this aircraft, which has been developed jointly by all CEMA countries and is being manufactured in the Polish People's Republic, is 20 percent higher than that of the currently used Z-37 aircraft. As Interflug reports, the new model can carry about one-third more chemicals--some 800 kilograms. In the next few days 11 PZL-106 aircraft will be used in Magdeburg Bezirk. The other agricultural squadrons of the GDR also will gradually replace the Z-37 models with the new aircraft. Interflug has at its disposal some 200 agricultural aircraft and helicopters. They are to treat some 4.4 million hectares of agricultural land and forests in 1980. [Text] [East Berlin NEUES DEUTSCHLAND in German 6 Feb 80 p 2 AU]

CSO: 2300

MANPOWER REDEPLOYMENT BENEFICIAL AT NATIONAL, INDIVIDUAL LEVEL

Budapest FIGYELO in Hungarian 16 Jan 80 p 7

[Article by Janos Vajda: "It Is Possible With a Smaller Labor Force"]

[Text] The rumor that 150 employees would no longer be needed at the central plant of BHG [Beloiannisz Telecommunications Factory] caused panic a year ago. People were guessing who would be fired and who would stay; their concern was understandable. The managers worried because they realized that they could only take advantage of the more economical, less labor-intensive product mix and the recently introduced wage bill management by reducing personnel.

A Different Job--for a Higher Salary

Finally, a solution was found that turned out to be satisfactory in every respect. At the price of a hiring freeze for a few months (the gates of the plant were open for those willing to leave but not for admission), and by internal reorganization, they succeeded; nobody had to be fired, yet several unnecessary jobs were eliminated. Several workers were relocated from the assembly department to parts manufacturing. The heads of sections who had been promoted returned to manual labor but continued supervising their subordinates as well. (Apart from a better use of working hours, the salaries increased, too.) The number of employees working for task wages has increased considerably. The atmosphere at work has become more relaxed, the relocated employees have mastered their new jobs and most of them that they were satisfied.

Last year the machine tools factory started producing a new cutterhead with good export potential; one of the workshops was converted for this purpose. Forty-eight employees of the plant in Budapest had to be trained for the new job. Since there were not enough skilled workers, technicians who had been working in white-collar jobs undertook actual manufacturing on the factory floor. In their new jobs they can earn up to twice as much as their previous salaries. For the enterprise, on the other hand, it is advantageous that the workshop in question works in three shifts. The export of cutterheads reached a value of 2 million marks last year.

In the Metallurgical Works of Ozd, the maintenance workshops, which had been operating in each manufacturing unit, were centralized, which solved the

manpower problems of preventive maintenance, improved inventory management and decreased overhead costs. In the Alumina Factory of Almasfuzito the different operations of maintenance were mechanized, eliminating the jobs of 50 metal-workers, machine operators and electricians in preventive maintenance. As there was a lack of specialists in the manufacturing units, all 50 employees, in answer to the company's appeal, asked to be transferred to production. Training for the new job was provided by special courses at the company, and with the help of the relocated employees, valuable equipment could be operated in three shifts, as opposed to the earlier two-shift operation. In their new employment the workers also earn more than before.

For years in the offices of the bauxite mines of Fejer Megye there was a lack of typists similar to that in many other enterprises. Then it was realized that half of the former staff was sufficient, if the work was done by central typing offices. Since they introduced a new wage system, in which the earnings of the typists are proportional to their output, they are better off financially as well. The work of the payroll clerks was reorganized the same way.

At the Labatlan Thinpaper Works new, high-capacity equipment was installed in the second half of 1979. They did not hire new people to operate the new machines, but met the increased production requirements by internal reorganization of manpower. This was also justified, because time analyses disclosed that working hours were not efficiently used at many work places.

Redeployment or Rearrangement

Five years ago the Ministry of Metallurgical and Machine Industries did not expect any change in the number of employees in the sector. But between 1976-1978 there was a 3 percent decrease of personnel in metallurgy and a 1/2 percent increase in the machine industries. Last year the Ministry requested the enterprises to keep the number of personnel at the same level. But, as it turns out, less and less people work in the metallurgical and machine industries. In Budapest, for example, the decrease is 3 percent, i.e., 7,000 people. In spite of this, only certain trades (turners, millers, grinders, welders and unskilled workers) are in short supply. Some enterprises managed internal or inter-company redeployment of manpower without major problems (Ikarus, MOM [Hungarian Optical Factory] and MHD [Hungarian Ship and Crane Factory]).

In Budapest the number of active wage earners has decreased by more than 70,000 since 1970, and a considerable restratification has taken place in the occupational structure. Compared to the early 1970's, the number of workers has decreased by 142,000 in industry, increased 21,000 in the field of transportation and telecommunication and increased 25,000 in other, service-type sectors. In 1979 alone the number of employees in the metropolitan industries and in the construction industry decreased by almost 30,000.

These figures indicate the initial steps in the right direction for manpower redeployment. However, the personnel planning of the enterprises is still

far from being in harmony with reality, and in many cases, it lacks solid foundations. At certain Budapest enterprises there is a lack of manpower, at others there is a surplus. More than ever before the employers should concentrate as much as possible on employing everybody according to his or her skills.

Last December the Budapest Party Committee reviewed the possibilities of developing our manpower management. In his contribution to the discussion Ferenc Trethon, minister of labor, emphasized the following: the changes in manpower management should not necessarily mean radical cuts in personnel and especially not layoffs; rather it means the necessity of more rational personnel management. He pointed out the difference between "redeployment" and "rearrangement of manpower." The former is an administrative method arising from necessity, while the latter is a flexible adjustment of both enterprises and employees to the requirements.

Undoubtedly, a carefully prepared "rearrangement"--as illustrated by the examples given in the introduction--is advantageous economically, from an organizational point of view, as well as in humane terms. The modifications of the Labor Code or its recently approved implementing regulations make it possible for the employees to work temporarily outside their fields. This regulation which serves both the interest of employees and a higher degree of planning of temporary employment, allows employment outside a person's usual field of activities (or outside the person's usual place of employment) for just 3 months per year as opposed to an indefinite length of time as allowed previously. According to the new regulations, when manpower redeployment transcends the enterprise, the employee has to be relocated, provided he accepts the working place and job offered. In case the other employer lays claim to a person's work, the employee may change jobs by relocation. In both cases he is entitled to the rights acquired at his earlier job.

Necessary Changes

Organized relocation of workers has been protected by different legal safeguards, which will continue to remain in force in the future. For example, when regrouping manpower, released due to changes in product structure, rationalization or measures by supervisory organs, the employee should be retrained. The cost of such retraining should be borne by the releasing enterprise. If the workers do not reach a certain salary while training in their new jobs, they should be compensated temporarily. As a general rule, relocation should not result in unreasonable hardship for the employee with regard to his work, age, health or other circumstances. The employee has the right to refuse a relocation proposition. In the latter case, however, other regulations of the Labor Code authorize the enterprise to terminate the employment, if the employee cannot be kept employed in his previous job (or working place).

As it appears from the above-mentioned--and this is what the minister of labor referred to--termination of employment should be regarded as an extreme measure that should be practiced very sparingly. Termination of employment is not allowed if the person in question is disabled, sick,a

pregnant or nursing mother, a mother who is on sick leave to take care of her sick child, a person on leave of absence, in active military service, or a reservist, etc.

Obviously it is much easier to describe and analyze in general terms than to experience phenomena such as relocation, more rational use of manpower, change of profession and transfer from white-collar job to manual labor. In a new job or profession it is difficult to achieve the same performance and the same good salary as at the old job as a result of many years of experience. Also, it is not easy for anybody to leave his or her familiar colleagues behind. Another frequent problem is that it often becomes necessary to commute farther away from home than before. Thus, the persons responsible at the enterprises, as well as the trade unions, should strive to facilitate and stimulate the changes necessary for adaptation to the new circumstances and the workers' integration with all available means.

These changes are absolutely necessary, and they are necessary in a greater measure than in 1979, involving more enterprises and more people in relation to the number of jobs. Labor reserves from outside the working places have been practically exhausted in Hungary. Eighty-three percent of the men (the remaining percentage consists almost entirely of young men studying full-time at the universities) and 70 percent of the women are working. As far as the latter are concerned, due to present widespread use of nurseries and day-care centers, there is a very small number of women remaining who can be mobilized as productive labor, and even these can only be found in some rural areas. At the same time, in-plant unemployment is a frequent phenomenon, for example, many people get paid for work hardly useful to the enterprise and especially to society. Last year in the Jozsefvaros district of Budapest the number of workers decreased by 2,000, on the other hand, only 99 "office desks" became superfluous.

New Regulations, New Hopes

The flexibility of our economy, its power and adaptability to the markets--whether it is a socialist, capitalist or internal demand--makes an extensive structural change imperative. These changes directly affect the usual activities and the existence of the workers and employees.

For example, in the course of a structural change, 9,000 employees were being retrained in the telecommunications and vacuum industry, 2,000 were retrained in the vehicle and spare parts manufacturing industry and 2,400 employees were retrained in the electrical and power equipment manufacturing industry to enable them to take on new jobs.

The changes involve an accelerating modification of the employment structure. However, the motives of the individual are slightly different. In the past, a so-called mobility by generations was characteristic, for example, the children of an agricultural worker, a peasant, became a factory worker and his sons and daughters received an education and became white-collar workers, but even within one generation, people were climbing upwards in skill and education--and in proportion thereto--on the ladder of material and moral

appreciation by society. In the future, on the other hand, several changes in the individual career can be expected. While before it was unequivocally an upward (vertical) trend, now, due to the redeployment, a (horizontal) process involving a transfer on the same level and the learning of new skills becomes more and more characteristic.

The difference between the two kinds of changes in employment structure is considerable both from the point of view of society and of the individual's perception. The vertical move, as pointed out, means increasing social prestige and an improvement in financial and cultural status, as well as in the standard of living. Horizontal changes, whatever importance they have from the point of view of national economy, do not provide such incentives for individuals. Instead, leaving the familiar working place, old colleagues, the "moral wear and tear of earlier skills," the necessity of learning a new trade at a more advanced age may cause a feeling of existential uncertainty. That is why it is indispensible to make sure, by means of suitable financial incentives, suitable task wage system and providing the necessary grace period regarding task wages for the period of retraining and apprenticeship, that horizontal mobility does not turn out to be disadvantageous for the individual.

All this is easier if the transfer takes place within the same factory or enterprise. In such a case, we are talking about a properly coordinated change between two companies that is based on the proper information, persuasion and voluntary relocation of the workers and on a transfer protected by labor laws. All this is not merely dictated by some humanitarian or social viewpoint, since, in case of layoff and relocation of employees to more distant areas, a decisive part of the manpower does not flow to the proposed working places that are socially and economically more desirable. Thus, only half of the original purpose is accomplished, for example, that working places producing uneconomical products cease to exist. The more important objective, namely that the employees should increase efficiency by being transferred to working places that insure more profitable, economic activities for the national economy, does not always materialize.

It is likely that the new regulations effective January 1980--among others, the spreading of payroll management--will stimulate the enterprises to rearrange their manpower, even being forced by the economic environment, in a way will promote the basic production, economical and, let's add, service objectives in a more efficient manner. The legal prerequisites and the methods for regulating the enterprises are given, the central objectives are known, now it is more and more up to the enterprises to direct this necessary flow of manpower into the useful direction.

9568
CSO: 2500

METALLURGY, MACHINE INDUSTRIES FACE FOREIGN TRADE PROBLEMS

Budapest FIGYELO in Hungarian 16 Jan 80 p 7

[Interview with Chief of the Ministry of Metallurgical and Machine Industries' Main Department of Trade Dr Tibor Szabo by Ivan Wiesel in Budapest on 16 January: "Metallurgy and Machine Industry: Facing a Difficult Task"]

[Text] The current questions of the specialized sectors, such as the machine industry's foreign trade, generate a wide interest among economists. Our correspondent, Ivan Wiesel, talked to Dr Tibor Szabo, chief of KGM's (Ministry of Metallurgical and Machine Industries) Main Department of Trade about the expectations for 1980.

[Question] The plan targets for 1980 demand even more from the foreign trade activities of the metallurgical and machine industries than before. These demands are both quantitative and qualitative. How can the sector meet the increased requirements?

[Answer] It is obvious that the foreign trade problems of the metallurgical and machine industries are of central interest. However, our responsibilities also include filling the consumers' need for hardware and durable goods, as well as providing manufacturing enterprises with sufficient and appropriate parts, accessories and other products of cooperation necessary to their production. Investments made with means from the state and enterprises should also be provided with machines, instruments and other equipment.

Our domestic and foreign trade policy should, of course, result from a sensible selection, an economical product mix and a gradual involvement in the international division of production.

Regarding the actual foreign trade tasks for 1980: KGM's exports have to be raised by 15 percent; within this figure, non-ruble-account export should increase by 30 percent. The sector can accomplish this task only if enterprises can create greater harmony between their production and marketing policies.

The international agreements already in effect create a secure basis for our ruble account exports. Our relations with the Soviet Union stand our from those with other nations. About 54 percent of our ruble account export is

being absorbed by the USSR during the present plan period. Besides our traditional export articles, we are paying special attention to the export of machines, equipment and complete installations, as opposed to export of surplus raw material.

In the non-ruble-account trade there is a more or less well established merchandise mix marketable in developed or developing countries and one of goods that can be regarded as accepted and established in individual markets. Thus an increase can mostly be expected in the export of vacuum technology items (light sources, etc.), entertainment, telecommunication products, and hardware, as well as traditional and numerically controlled machine tools, to developed capitalist countries.

The export of processing lines, complete factories and plants to developing countries--especially those rich in raw materials--should be increased. Just to mention a few installations exported on a main-contracting basis as examples: different food processing plants, cable factories, ready-to-wear garment factories, lime plants, port installations, power plants and bus assembly factories recently installed in encouragingly increasing numbers.

The year-to-year increase in exports, already above the national average, expected from the machine industry obviously requires a rational harmonizing between present and long-term goals.

It often happens that the product mix based on individual production plans of the enterprises does not correspond to the sales potentials of the products. Neither is it uncommon that certain enterprises prepare and carry out ambitious development plans without being properly informed about their foreign marketing potentials, not to mention the question of whether or not they will hold their own in tough international competition. It must be clear that these contradictions cannot be eliminated in 1980, and any development towards this end will probably not yet be decisive. However, fast progress in this matter is imperative, otherwise the implementation of our plan targets can be in danger.

[Question] Import is also a part of foreign trade activities. No mention has been made of what steps KGM wishes to take to improve our machine balance.

[Answer] True, it has not been mentioned, but when talking about the foreign trade activities of the sector, I regard the expansion of economical exports to be of primary importance--looking beyond the current problems of 1980. This does not mean, however, that I underestimate the importance of import savings in balancing foreign trade.

I think there are innumerable energy-saving measures in our machine industry that we have not yet made use of; our machinery is heavy, our technology is energy intensive. As far as the machine balance is concerned, let me answer your question with a slight detour. The volume of machine imports is decided on a national economy level. The only role the machine industry can play in this decision is to influence the volume and composition of

the import in one direction or the other by its own supply. The increase in machine import is concomitant with our economic progress, and it only increases with the formation of an economic export structure and with the expansion of international cooperation. The requirement that machine exports provide the counter-value of machine imports is inconceivable on a sectorial level. Of course, depending on the sector, the import volume is influenced by the intelligent management of the imports necessary for machine manufacture, as well as by an efficient organization of international cooperation.

As I have mentioned, the domestic machine industry should put emphasis on more and more economical export thus contributing, in general, to the increase of foreign trade income. I would not recommend confronting machine exports of our sector with machine imports of the global national economy.

[Question] The net foreign currency income generated by the machine industry has shown a downward trend for a long time. How is it possible to stop this process?

[Answer] Two factors influence the decrease of the net foreign currency income of the machine industry: an increase in international specialization, which is one way of making use of comparative advantages, and the already mentioned high ration of material usage. A decrease of the latter is an important economic and technical task which requires enhanced value analysis, but a corresponding modification of the product mix is also vitally important. I would like to emphasize that 1979 was a turning point in this regard and that the foreign currency balance of the machine industry improved considerably in relation to the previous year.

[Question] In 1979 metallurgy reached a record export volume of 900,000 tons. In your opinion, can this be repeated?

[Answer] Yes, the volume 900,000 tons was a record export, indeed, especially considering the fact that the economic indicators of this export were very favorable, too. I cannot assume the role of a seer, but I can say that a combination of several factors affected the expansion of metallurgical export in 1979: a greater demand for Hungarian metallurgical profiles arose in international markets while the increase in domestic demand and in industrial production was more moderate and the domestic demand was lower than before due to a great accumulation of inventories in 1978. According to the laws of economics the same coincidence cannot be expected in 1980. The rate of capacity increase does not create considerable compensatory supply in 1980.

[Question] In the course of analyzing the economic results of 1979 it was indicated that the rate of releasing new products in the machine industry fell behind expectations. How did this affect export?

[Answer] The volume of new products manufactured by the machine industry fell behind expectations. However, I would like to point out that a simplistic comparison should not be made between the export results and the number of new products in a given year. To successfully export a new product

requires good marketing. We have to admit that we have a lot to learn in this area. However, we have traditional products, a greater amount of which could be absorbed by the market, but we cannot match this demand due to development limitations.

I find a combined development policy very important in which the product exchange follows the market pulse, which we would hardly be able to influence. As an example, let me mention that there is still a considerable demand for certain products, such as numerous hardware items, many of the durable consumer goods or for traditional machine tools while, at present, there is a slack interest in other products developed by us representing a higher technological level.

We should not give up on finding a market for these products, but we have to be aware of the difficulties faced by all manufacturers entering the international market with a new product without goodwill. Can marketing be aided by organizing cooperation for the Third World markets or by establishing mixed marketing companies along with manufacturing?

[Question] According to several opinions the present arrangement of the foreign trade sector is not efficient in expanding machine export. What is your opinion on this issue?

[Answer] I prefer not to discuss a matter, the development of which is being taken care of in an organized way. However, it is a well-known fact that the increase of machine export is greatly influenced by the manufacturers' knowledge of their markets, as well as by their flexibility and ability to adapt to the markets. Thus, in an effort to improve the organization of our foreign trade, we should try to create and strengthen these conditions.

[Question] If three wishes of yours were granted in 1980 what would they be?

[Answer] I have not thought about it yet, but off the top of my head I would request the following:

That the increase in metallurgical and machine exports match stepped-up plan projections and that enterprises acquire a momentum that could create a promising basis for initiating the Sixth Five-Year Plan.

That the ups and downs in the increase of machine exports become less frequent during 1980. This would make things easier not only for the enterprises but also for sectorial management, and would improve economic efficiency as well as strengthen our market position.

Finally a utopian wish: I wouls like to see the representatives of the big companies of developed, industrial countries standing in line in front of the Hungarian enterprises to buy their inventions and know-how.

9568
CSO: 2500

COST OF SERVICES DISCUSSED

Budapest MAGYAR HIRLAP in Hungarian 24 Jan 80 p 7

[Report by Éva B. Mezei, "Quality in the Foreground: The Cost of Services--Clothing and TV-repair Is More Expensive--Different Prices in the Various Enterprises and Stores."]

[Text] The price regulations, which became effective on 7 January 1980, also cover the services. As opposed to earlier changes, the changes in cost of services will be regular in the future, depending on the costs of enterprises. The increased expenses will only gradually be built into the prices, otherwise the cost of numerous services would dramatically increase. We wanted to find out about the changes in the cost of the most common services: hair dressing, photography, shoe making, dressmaking, the GELKA [Electrical Maintenance Enterprise of the Machine Industry], and watch repair.

Less Cosmetics

We asked Mrs. Károly Bárány, chief of main department of the Ministry of Light Industries, about public services of the light industry.

"In order to maintain the old prices, hair dressing had a 10 percent, and photography a 17 percent subsidy. The state subsidy for washing, in spite of the 30 percent increase during the summer, is still 94 percent. The new practice is different from the old in that the enterprises will be subsidized in proportion to their expenses. Beginning with 7 January, even dry cleaning has been subsidized. (In Békés County, for example, the subsidy is 93 percent. Expenses in the capital city are lower and thus there is no need for subsidy.)

"The prices of the Patyolat [Dry Cleaning Enterprise] were increased in the summer, and this changed public demand. More people request laundry by weight which is much less expensive than fine washing. Services with surcharges are generally less in demand, although many modern machines help in fast laundry service. Shoe repair, the price of which increased in the summer, is much more in demand since shoe prices have also increased in the meantime.

The prices of hand-made custom shoes have increased an average of 20.4 percent (23.4 percent in July). This increase was also different in the various parts of the country. In the capital city, for example, prices are 24.7 percent higher, and in Pécs, 34.1 percent higher. Tailor-made clothing have also become in the average about 9.7 percent more expensive, also in various degrees: 15 percent more in Debrecen, 19.2 percent more in Pécs, and only 6.7 percent more in Budapest. The prices differ not only according to cities and enterprises but also within the same enterprise. The Capital City Clothing Service Enterprise, for example, has increased the price of single-breasted custom suits by 440 forints in the inner city, but only by a little more than 100 forints in the suburbs.

Loan rates will also change in the near future. Price-setting is being with a view on changes in cost."

Picture Tube Replacement Is Less Expensive

Information on the new prices of the GELKA and on price changes in watch repair were solicited from Dr Margit Badacsonyi, chief of the pricing department of the Capital City Council.

The GELKA's classification system is going to be changed; whereas they charged maximum prices earlier, they will now work with free prices. The average price has been increased by 6 percent but the increase of labor cost--in-the-home repairs and deliveries--was about 20 percent. However, the prices of materials and spare parts have been reduced, although not uniformly. For example, a replacement picture tube for a "Color Star" TV set has a labor cost of 360 instead of 520 forints. Repair costs of refrigerators are more or less unchanged. Replacing the speaker of a black-and-white TV set now costs 80 instead of 50 forints, and the replacement of a resistor costs 60 instead of 40 forints. In-the-home repairs now have an additional charge of 25 instead of 20 forints within Budapest's city limits, and 55 instead of 45 forints beyond city limits. Labor costs of watch repairs have increased 2-5 percent. For example, the replacement of a main spring now costs 28.60 instead of 28.00 forints. The prices of spare parts follow the price changes in acquisitioning them.

Of a Better Quality!

Many people inquired how orders made before 7 January will be charged. We were told in the Ministry of Light Industries that, for a lack of a different statutory law, the Civil Code is to be followed and thus the new prices must be paid. There is a possibility, however, for each party to cancel the contract. The only exception is when the full price was paid at the time the order was placed; in this case no higher price may be charged.

It is also in the interest of the servicing enterprises to do quality work, to have a more economical management and to give better service because of higher prices the public is more scrupulous, as to what degree they will make use of services.

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AGRICULTURE'S ROLE IN FOREIGN TRADE HIGHLIGHTED

Budapest MAGYAR MEZOGAZDASAG in Hungarian No 1, Jan 80 pp 4-5

[Article by Dr Bela Szalai: "What Are the Expectations of Foreign Trade from Agriculture and the Food Industry?"]

[Text] At the beginning of the new year one often thinks about objectives. Plans and programs are being formulated at the state farms and at the agricultural collectives; and similar planning for the future is taking place for the household plots. Naturally, careful planning takes into consideration the market possibilities, i.e., the demand for the Hungarian products on foreign markets. The more the producers know about the capacity of the markets and about the demands and the desires of the customers, the more they are able to adjust to them.

In the course of a year, foreign trade companies furnish a great deal of information about the marketability of the goods they supply to their immediate partners, the food processing concerns and various other establishments involved in the purchase of agricultural products. This information is especially needed during the planning period. In light of the improving relationship between foreign trade on the one hand, and agriculture and food processing on the other, one can expect this information to improve even further. It is also imperative--and this can in fact be achieved through hard work--that this marketing information be transmitted from the Budapest centers to the regional producers in the shortest possible time.

The National Economic Plan for the year 1980 declares that "the projected growth of agricultural production (c. 5-5.5 percent)--in addition to satisfying the needs of the population--allows for a considerable increase in the exports." According to the projections of this plan, under stable price conditions the exportation of agricultural and food products must be increased by 7-8 percent. In light of the probable price increases, however, and taking into consideration next year's hard currency prices, this increase must be around 11-12 percent. Given normal weather conditions, in wake of the current low level of production, cereals, vegetables, fruits and canned goods are bound to increase significantly. Partially

because of this year's large sunflower crop, the export of vegetable oil will also increase markedly. The export of beef, poultry and various meat products will remain on a high level. In wake of the construction of the Kaposvar Meat-Packing Plant, and the expansion of several other plants, there will be a significant increase in the export of canned meats and various other cut and packed meat products. An increase in the export of the much sought-after lamb and rabbit meat, goose-liver, feathers and other related products is also likely.

Insofar as it is possible to foresee, the main markets for our agricultural and food products will not change in 1980. Fifty percent of our exports will continue to be directed toward the Socialist countries. Our chief partners are the Soviet Union, the GDR, Czechoslovakia and Yugoslavia. On the basis of long-range economic agreements, in return for goods we used, we will continue to supply them with fresh fruits, vegetables, wines, canned goods, sausage, salami and other products in great volume. For a portion of our cereal and meat exports, these countries pay us in dollars. About 40 percent of our agricultural and food exports go to the developed capitalist countries. The most important markets include: West Germany, Italy, Austria and Switzerland. Since the 1978 agreement, our exports directed toward the USA have also increased significantly. The developing countries purchase about 10 percent of our agricultural and food products. Our chief partners are: Libya, Kuwait, Lebanon and Iraq. Our trade with these countries is increasing markedly,--particularly in light of the growing demand among those who are able to pay.

In light of the prospective demand for the majority of our agricultural and food products, we can afford to be optimistic. At the same time, however, we have to be increasingly aware of the fact that neither in production, nor in foreign trade are we alone on the seller's market. Instead of decreasing, the competition is actually on the rise. This is partially the result of the general conditions of the world economy. If a customer is able to select from several offers, he will naturally choose the one most advantageous to him. The seller who is able to fulfill the customer's demands on a continuous basis, gains numerous advantages over his competitors. Most importantly, he can gain higher prices, secure better and more reliable clientele, and establish a more advantageous position for himself, which will make it possible for him to make it even under worse and more difficult market conditions.

When looking at the most important demands of the customers, or, in other words, when examining the conditions of competitiveness, we have to begin with the quality of the goods.

Our customers are generally satisfied with the quality of our most important export goods. They even praise many of our products, classifying them among the best. On the other hand, complaints about the unevenness of quality are frequent. This is especially problematic in connection with well-recognized brand products that are exported on a continuous and

steady basis, and in conjunction with which buyers are used to specific tastes, flavors and various other quality features, to which they are attached. And our goal can only be an increase, and not a decrease in the quantity and proportion of our steady exports and of our quality products; for it is largely with them that we can achieve higher prices. There are less advantages to be derived when the brand is connected with a customer's name and company, and when he is substituting his own domestic brand for ours.

The market assessments about our chief export products are as follows: Hungarian corn has a favorable classification; its feed quality is highly regarded. Under normal business conditions--as compared to the most commonly used American type--it can achieve a quality surcharge of 5-6 percent. Our wheat flour does not possess such outstanding qualities, but our shipments of the previous years were able to satisfy our most important customers. Our sunflower seed is up to international standards, and because of its stable quality, it even enjoys a slight price advantage on a few markets. As an example, our vegetable oil industry and the Agrimpex supplies Sweden with the sunflower seeds pressed to meet local needs, and thus is sold at a slight surcharge. Hungarian concerns are among the most important suppliers of alfalfa flour. As such, it is imperative that the quality of its inner content be strictly upheld and guaranteed. Our seed production is also successful, but it is essential to improve quality control among certain types. For a significant increase of exports, however, cleaning and the sorting will have to be improved. Our companies do a great deal of exporting in sunflower seed designated as birdfood. Against these there are few complaints.

Hungarian fruits and vegetables are well liked by foreign customers because of their good taste and aroma. Even so there are a number of quality problems connected with certain types that have to be solved in order to strengthen our position on the markets, and in order to be able to raise prices. In the canned goods industry, we have to improve the sorting of the new materials, as well as the packing of the finished products.

The wines of Tokay, Eger and Badacsony are known all over the world and are readily marketable. But we were able to make brand products also of wines coming from less well-known wine producing regions. It is very important to assure quality control, and to solve the problems of packaging and labeling according to internationally accepted standards.

It is widely recognized that the quality of Hungarian paprika and honey is high. The fame we have achieved must be preserved even in times of less than desirable harvest.

Hungarian cattle and meat are well-liked in several countries. Young, fattened bulls of between 500 and 600 kg are especially sought-after. Their export potential is hindered by a high fat content, or if they are

too heavy. The rear quarters of cattle can be sold at high prices, and this also holds true for cut pork (spare rib, chops, ham) and for boneless meat.

Hungarian winter salami is a leading brand on its chief market, West Germany. It is sold at very high prices, and it virtually ranks as a luxury item among meat products. The industry is trying to accommodate the demands of the market by producing diverse size rolls and by piecing them according to the wishes of the customers. The latter are very sensitive even to a slight increase of its lard content. The popularity of the GYULAI and CSABAI sausages is growing day by day. But here again, more attention has to be given to quality control. Our canned hams satisfy even the most demanding customers. In conjunction with canned meats, however, we do receive occasional complaints, mostly for the lack of uniform quality that is specified in the agreement. The quality of slaughtered poultry generally satisfies the demands of the market. But chickens that are heavier than usual are difficult to sell, and can only be sold at a discount. Our customers are increasingly less willing to buy fat geese and ducks and large turkeys.

In the course of the past decade, the qualitative requirements of meat products came to include production hygiene and food health. The authorities of many of our Western partners are inspecting everything from the base material to the finished product. The USA does this every three months, and the appropriate organs of West Germany do so every year or two. They do not permit the entry of any product made in plants which fail to meet their set hygiene conditions. The classification of food-producing plants takes place according to known and well-defined specifications. They are especially keen on adherence to the hygienic requirements of the plants and of the process of production. They publish the results of their findings, and thus also make them available to others. Many countries accept the inspection results of the health authorities of the USA, West Germany and England.

In attempting to sell processed food products on foreign markets, the outward appearance, or the packaging of these products is extremely important. The shortage or absence of up-to-date domestic packaging materials creates considerable problems for our food industry. Practicality, as well as attractive and pleasant appearance are equally essential in packaging. A catchy label on a bottle or a box draws attention to the product, helps to sell it, and thus becomes a price-producing agent.

Another main factor of competitiveness is the precise adherence to delivery deadlines. If delivery is hindered by weather conditions or natural calamities, i.e. one's inability to make timely deliveries, one has the right to announce a vis maior, in accordance with internationally accepted traditions. In proven cases one can avoid paying a penalty. A customer, however, can never really be satisfied with any

explanation--proven or otherwise--for such a delay in delivery usually results in a demonstrable loss for him. He regards good business partners only those who seldom get into a situation where they have to justify delays in delivery. Strict adherence to delivery dates is also a factor in pricing. Therefore, interests stemming from timely deliveries have to be increasingly observed both in the planning of production, as well as in foreign trade.

A flexible adjustment to the demands of the customers, and quick satisfaction of their special requirements are also important components of competitiveness. The supplier who is able to outdistance his competitors in this area, can further improve his marketing position, and can profit from the higher prices of his goods.

Effectiveness of foreign trade can also influence competitiveness. A thorough knowledge of the markets, a well-oiled marketing organization, a good partner relationship with the customers, and a daring business approach are all important components of a professional and profitable foreign trade activity.

The further improvement of our competitiveness, and the termination of various lesser or greater weaknesses connected with export deliveries, can only be achieved through many-sided and coordinated effort. The two main actors are the producer and the foreign trade company. Progress depends first of all on them, that is on the organization and on the quality of their efforts. But in making the conditions of production and of marketing more favorable, planning, economic incentives, financing, and the support of the whole state apparatus and of the council system has to be involved.

Much depends on how the machine industry, chemical industry and light industry satisfy the requirements of the food processing industry. Machines, fertilizers, protective chemicals and packaging materials supplied by our domestic industry, all have a considerable influence on the competitiveness of our agricultural and food processing exports. The achievements of the food industry also depend on these branches of our economy.

The domestic cost of production is bound to have an ever increasing role in this competition for markets. In vain will our goods meet all the requirements of the markets, if the cost of production is too high--either because of low productivity, lack of organization, or for any other reason. Then, it will be impossible to maintain a profitable export trade.

Our foreign trade has a special obligation concerning the importation of products needed in agricultural production: to watch their quality, prices and to observe delivery deadlines. Most of our problems are caused by the lack of effective supply of parts for our machines. The solution to this problem must be viewed as an important component of the economic cooperation among the Socialist countries.

Naturally, in dealing with foreign trade, we also have to pose the question: What are the expectations of agriculture from foreign trade? I believe that the best short answer to this question is as follows: First of all, agriculture needs reliable and timely market information, not only about a given period, but also projected trends in supply and demand. It also needs good customers and high sale prices.

The goal of foreign trade is not to limit itself to the transmission of market conditions and requirements, but also to fulfill with its efforts, to the greatest possible degree, the expectations of both the agriculture and the food processing industry.

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BRIEFS

TRACTORS, TRAILERS FOR PRIVATE INDIVIDUALS--The council of Ministers has issued a decree pertaining to the use of vehicles by private individuals. According to it, in addition to motorized hoes and 14-hp small tractors which could be bought in the past, private individuals many now purchase 30-hp new agricultural tractors with implements or used agricultural tractors having a maximum horsepower of 35 with implements. They may also operate trailers having a maximum usable load of 3 tons. According to AGROTROSZT, the agreement concluded with Soviet foreign trade organs specifies that several hundred tractors will be delivered during the second quarter of the year. These will include two new types: the 500 T 25 A 25-hp, tractor and the 160 T 16 M tractor which will be available to private individuals. The machines will be put on sale as soon as they arrive. Work implements include plows, harrows and mowers in the case of the T 25 tractor. Discussions are in progress with Soviet, Polish and Hungarian firms concerning work implements for the other new Soviet tractor as well as supplementary equipment for earlier models. The T 16 M tractor comes with a flatbed trailer. AGROKER enterprises will supply price information on machines and implements. Sales of 35-hp used tractors will be handled between former owners and potential buyers rather than by AGROTROSZT. [Text] [Budapest MAGYAR HIRLAP in Hungarian 12 Feb 80 p 9 WA]

CSO: 2500

SOCIOECONOMIC PLAN FOR 1980

Warsaw MONITOR POLSKI in Polish No 30, 28 Dec 79 pp 225-235

[Enactment of the Sejm of the Polish People's Republic]

[Text] Enactment of the Sejm of the Polish People's Republic, Dated 21 December 1979, on the National Socioeconomic Plan for 1980

The Sejm of the Polish People's Republic:

adopting, pursuant to the resolutions of the 6th and 7th Congress of the Polish United Workers Party, securement of progress in this country's socioeconomic development as a fundamental goal, and in particular growth in national income, increase in personal income, housing construction, growth and development in health and education, as well as securement of funds for implementation of long-range programs for supplying this country with fuel, raw materials and energy, as well as solving of transport problems, and recognizing the necessity of achieving balanced foreign trade;

taking into consideration achievements to date in the current decade in implementation of designated goals and tasks;

proceeding from the conditions of meeting socioeconomic targets in 1978 and the more difficult domestic and external development requirements and conditions, which substantially depart from the conditions which comprised the foundation for formulation of the five-year plan for 1976-1980;

affirming that the adopted directions and areas of socioeconomic action for 1980 comprise an aggressive plan for solving specific problems and also form the basis for achieving further progress and development in subsequent years;

Acknowledges the following to be the basic directions and areas of action in 1980:

1) undertaking of measures aimed at eliminating adverse trends for the economy and ensuring achievement of plan targets for 1980;

2) undertaking of actions aimed at ensuring genuine progress in quality of work and management efficiency in all areas of economic and societal affairs, viewing this as a principal task of all constituent elements of the economy;

3) an endeavor to equalize the trade balance, especially in trade with countries in payments area II [capitalist countries];

4) vigorous efforts to overcome difficulties in all key areas, with particular attention focused on improving the energy, supply and transport situation;

5) securement of conditions for achieving the plan's social goals;

6) a substantial decrease of investment outlays as well as adjustment of their magnitude and structure to supply and execution capabilities;

7) consolidation of conditions ensuring national defense and security.

The following basic plan targets and ratios as well as growth indices for 1980 in comparison with anticipated plan fulfillment in 1979 shall be specified:

I. National Income

1. Generated national income shall increase by 1.4-1.8% which, with a decrease in net share of investment in divided income to 17-18%, should ensure consumption fund growth of 2.5%.

2. Growth of material production, especially in socialized industry, agriculture, construction, transportation, communications and services, as well as improvement in efficiency of economic management, especially by increasing conservation in consumption of fuels, energy, raw materials and other materials per unit of product, and labor productivity growth, should be a basic factor in growth in generated national income.

II. Standard of Living

Further improvment in living standards should be secured, and in particular:

1) growth in real personal income obtained on the basis of labor and public services as well as farmer personal income generated from agricultural production;

2) increase in market supply of goods;

3) growth of services for the public, especially personal and household services;

4) a substantial increase in monitoring of establishment and application of prices to maintain the proportions specified in the plan;

5) implementation of the housing construction program as well as attendant equipment and facilities;

6) growth and development of social and cultural activities.

The following targets shall be adopted in these areas:

A. Personal Monetary Income and Social Services.

1. Total personal monetary income shall reach 1,619 billion zlotys, comprising an increase of 8%.

2. It is estimated that real per capita income will increase by 1-1.3%.

3. Wage fund disbursements shall total approximately 914 billion zlotys, that is, an increase of 6.7%. Average nominal wages per person employed in the socialized economy shall increase by 6.9%, while average real wages will increase by approximately 1%.

4. Disbursements to the public in the form of social benefits shall reach a total of approximately 195 billion zlotys, which signifies a growth of approximately 16%; of this total, pension and annuity payments will comprise approximately 155 billion zlotys, an increase of approximately 19%.

5. It is estimated that farmer monetary income from the sale of farm products to the state will total approximately 287 billion zlotys, that is, an increase of 7.1%.

6. The Council of Ministers shall ensure increased discipline in implementation of the personal monetary income plan, with particular emphasis on observance of specified disbursement amounts from the wage fund and other non-wage income, as well as maintenance of proper economic proportions between growth in wages and increase in production and labor productivity, as well as application of appropriate taxation in regard to unjustified income.

B. Market Supply with Goods and Services.

1. The total value of market deliveries shall total 1,382 billion zlotys, that is, an increase of 5.2%, including a 4.9% increase in deliveries of foodstuffs and flavoring substances, and a 5.4% increase in other non-food goods.

There should be a greater variety of market goods by increasing the percentage share of small-scale industry, chiefly cooperatives, in deliveries of goods, including from the "1,001 Trinkets" group and other items in

particular consumer demand. Market supply of foodstuffs should be enriched, among other things, by means of improved utilization of production and raw materials capabilities. There should occur growth and development of local processing as well as preservation and storage of plant and animal raw materials. This applies in particular to accumulating in the voivodships stocks of feed, fruits and vegetables. It is necessary to ensure smooth and uninterrupted delivery of goods to market, particularly an adequate supply to meet demand, as well as streamlining servicing of the public by improving the functioning and operation of the trade network in cities and in rural areas.

2. Deliveries of goods, both of domestic manufacture and imported, for supplying the market from specific branches of industry should increase as follows:

1) food processing industry -- by 4.2%;

2) light industry, by 3.8%;

3) building materials industry, by 15.4%;

4) wood and paper industry, by 10%;

5) chemical industry, by 6.9%;

6) electrical equipment industry, by 6.0%;

7) whiteware and glass industry, by 11.1%.

As a result it is estimated that sale of foodstuffs per capita will increase by 3.9%, and of non-food items by 4.4%.

3. In order to adjust the product mix structure of market production to the requirements of the population, it is necessary to continue actions ensuring better utilization of existing production, materials and raw materials capabilities of economic units, as well as achieving more efficient cooperation between trade and goods suppliers. The majority of deliveries of goods to the market in three commodity assortment groups should be covered by contractual agreements and continuous monitoring, especially those controlled by the Council of Ministers, the various ministries as well as corresponding economic units of industry and trade.

4. Further growth of services should be secured, creating conditions for growth and development of services by securing facilities, modernization of technical facilities, and growth and development of support facilities. The total value of paid personal services should increase by at least 8.7%, and emphasis should be placed on quality of services performed, promptness of performance, as well as better treatment of the public. In particular, there should be accelerated growth and development of personal and household type services, the total value of which should increase by 11.5%.

5. Applying the new principles of the economic-financial system of socialized small-scale industry, measures should be taken to increase production and services for the public, utilizing local raw material resources, defective materials, production waste, secondary raw materials, local production space reserve capabilities, as well as machinery and equipment not utilized in key industry.

C. Housing, Utilities and Municipal Services.

1. In order to achieve further improvement in housing conditions for the population, further progress should be secured in implementation of the housing construction program, expressed in completion in 1980 for occupancy of housing representing a total useful square footage of 21.7-22.3 million m^2, which represents approximately 340-346 thousand dwelling units. Together with apartment units completed in housing developments, 305-315 thousand square meters of store space, public food facilities, service and other facilities are to be completed and put into operation.

2. Within the framework of the overall housing program specified in Paragraph 1, cooperative housing construction targets total 9.5 million square meters of dwelling useful floor space, that is, approximately 184,000 dwelling units. Capital outlays in the specified amount of approximately 79 billion zlotys are designated for achieving these targets.

3. More efficient utilization of funds designated for housing construction is essential, in particular efficient design and thrifty management of materials, while ensuring adherence to essential standards, suitable quality as well as dwelling utility.

4. Specified costs per square meter of dwelling useful floor space should be rigorously adhered to. In connection with this, the number of buildings greater than 5 stories should not exceed a specified percentage within the structure of multi-family housing construction. Only by keeping within housing construction unit costs it is possible to create conditions for full implementation of the housing program in 1980.

5. There should be secured further improvement in urban supply of water and heat by means of growth and development of municipal facilities as well as more efficient utilization of these facilities, plus streamlining urban transit operations.

6. It is necessary to ensure, with the participation of voivodship governors, on-schedule completion of municipal facilities projects, especially those slated for completion in 1980, as well as observance of capital investment cost discipline.

7. In order to ensure conditions for smooth and on-schedule completion of housing construction targets, it is necessary to concentrate activities connected with site preparation for housing construction in 1980.

D. Education, Culture and Art, Health, Travel and Recreation, Sports and Physical Culture

1. It is necessary to continue implementation of the reform of the public education system, ensuring expansion of the scope of preschool education, especially in complete forms, and in particular covering children 6 years of age, and introducing new curricula for the third grade in elementary schools. It is necessary to create conditions for adoption of the reform by continuing to upgrade teacher qualifications, especially in rural areas, as well as expansion of school system facilities, ensuring that schools are furnished the educational assistance requisite for implementation of the new curricula, provision of textbooks for pupils, especially classes I-III, with improvement in transporting pupils to consolidated schools.

2. Approximately 487,000 pupils will complete elementary school in 1980, 85,000 of whom will continue their education at general-curriculum secondary schools, while 392,000 will enroll in vocational schools.

3. In post-elementary schooling, and particularly vocational schooling, there should be continuation of efforts to improve tailoring of directions and areas of education to the needs of the economy. It is necessary to increase training of personnel for the needs of the general food producing industry, and in particular for agriculture and the service area.

The number of pupils enrolled in the first class of basic vocational schools providing training for the requirements of agriculture and livestock raising should be increased to at least 64,000, and the number of pupils enrolled in the first class of secondary technical and vocational schools as well as post-secondary school vocational studies should be increased to 47,000. There should also be an increase in enrollment in other areas of specialization in which there is a shortage of qualified personnel or in which there is anticipated increased demand in future years.

4. The number of newly-enrolled students in the first year of day college studies is targeted at 59,500, including 10,500 in areas of specialization serving the needs of agriculture. It is necessary systematically to improve the quality of education as well as teaching and learning conditions at higher educational institutions, as well as improving student social conditions.

5. It is necessary to ensure favorable conditions for development and dissemination of cultural activities and consolidation of achievements in the following areas: literature, music, theater, cinema, fine arts, preservation of historical monuments, provision of care and assistance to artist communities, cultural development of all regions in the country, with special attention focused on accessibility to cultural benefits in worker and rural communities, including new settlements and communities. It is extremely important to create conditions for development of young artistic talents.

In educational-cultural activities as well as radio and television programming, it is necessary to raise their ideological and artistic level, as well as the public's knowledge of economics, and in youth programming to devote particular attention to educational values as well as forming of the individual's social traits.

6. In the area of health services there should be continued improvement in the functioning of basic health care facilities, with increased intensity of efforts to combat social and occupational diseases. Implementation of these tasks demands appropriate placement of doctors and auxiliary personnel as well as more efficient utilization of means at the disposal of the health service. The total number of beds in general and clinical hospitals should increase by 4.3%, that is, to 208,400. There should be a greater concentration of construction work on hospital projects to be completed in 1980, with continuation of construction of hospital annexes on a short construction schedule, which should result in an increased number of hospital patient accommodations. More funds should be channeled from the National Health Protection Fund into building and equipping hospitals.

The public should be assured of an adequate supply of basic drugs and medicines. It is essential to work on achieving greater efficiency of consumption of drugs and medicines and prevention of waste.

7. There should be continued expansion of the scope of assistance to the elderly, including further improvement of community care and an increase in accommodations at public care establishments to approximately 62,200 persons, that is, a 3.3% increase.

8. There should be greater opportunities to spend one's vacation at tourist-vacation centers and in tourist-vacation areas, by increasing the degree of utilization of existing vacation facilities. The number of hotel accommodations should increase by 6.6%. It is estimated that more than 4.5 million working people will vacation in 1980. Support should be given to the growth and development of group tourism.

9. Efforts should be continued to popularize participation in sports, especially among school-age youth, as well as ensuring adequate training and preparation of Polish personnel for participation in the 1980 Olympic Games.

E. Environmental Protection, Water Management, the "Vistula" Program

1. Industrial enterprises should continue efforts to ensure effective protection of the environment against the adverse effects of industrial activities.

It is also necessary to build community and industrial sew e treatment plants, to recycle industrial waste and to reclaim dumps, . oil banks and settling ponds.

2. It is necessary to improve this country's degree of protection against floods, and particularly to ensure construction or renovation of approximately 60 kilometers of food-control levees and to complete construction to control and regulate 514 km of rivers and mountain streams. In order to improve water supply to the general public, industrial plants and agriculture it is necessary, among other things, to increase the capacity of water supply intakes by more than 4.2 million cubic meters per day and to increase the nation's reservoir capacity by 24.3 million cubic meters.

3. We must continue implementation of the program of comprehensive development and utilization of the Vistula River and its basin, and in particular it is necessary to ensure adequate progress of development of the string of hydroelectric power stations on the Upper Vistula.

III. Material Production

A. Industry

1. In industry the following basic directions of action should be adopted:

1) adjust the industrial output growth rate in individual branches and subbranches to raw materials and other materials supply capabilities from domestic output and imports;

2) guide production growth and development for the purpose of ensuring economical and efficient utilization of available raw materials and other materials as well as obtaining those products which are most essential for the needs of the economy;

3) continue adoption of changes in the structure of production in favor of increasing the magnitude of production for market supply and export;

4) precisely adjust the magnitude of production for capital investment purposes to the magnitude of capital expenditures and export needs;

5) boost the level of up-to-dateness and quality of products;

6) substantially increase production of spare parts and adjust that output to reasonable operation and maintenance requirements;

7) reduce excessive energy intensiveness and materials intensiveness of production; eliminate products with poor technical-operating parameters and for which there is no market demand;

8) increase efficiency of economic management, in particular by the following:

a) decreasing materials intensiveness of production as a result of expanding the scope of application of substantially more economical consumption standards for materials, raw materials and energy per unit of product;

b) decreasing imports intensiveness of production and greater efficiency of imports;

c) decreasing primary costs, and particularly cost of materials;

d) better utilization of labor time, and particularly by improving organization of labor and reducing absenteeism;

9) More extensively utilize substitute materials, secondary raw materials, as well as developing recycling of replacement parts.

2. Taking consideration of supply capabilities as regards raw materials, other materials and co-produced component items, of domestic production and imported, industrial output growth should run 3.0-4.2%. This means that the value of sale of the goods and services of industrial enterprises will reach a total of approximately 3,150 billion zlotys, including 1,026 billion zlotys in market production, that is, a growth of 5.5%, while export production will reach 491 billion zlotys, that is, a growth of 8.9%; output for capital investment purposes should not exceed 93 billion zlotys, which constitutes a decrease of approximately 8%.

3. The value of sale of goods and services of industrial enterprises, broken down by branch, should reach the following level:

Specification	1980	Indices 1980 / 1979 plan fulfillment
Industry total	3,150	103.0-104.2
of that:		
fuel and energy	200	103.6
metallurgical	268	103.3
electrical equipment	908	105.1
chemical	231	103.5
minerals	107	105.8
wood and paper products	148	106.3
light industry	432	104.1
food processing industry	627	103.8

B. Agriculture

1. Actions should be continued which ensure growth in farm production, improvement in supply of food products to the population as well as essential deliveries of raw materials for agricultural-food industry.

2. Gross agricultural output in 1980 should reach a total of 675 billion zlotys.

3. In order to achieve the targeted agricultural production growth, it is necessary:

1) to increase acreage planted to grain to 8,300,000 hectares, that is, a 5.4% increase, utilizing possibilities of expanding acreage in spring grains;

2) to restrict transfer of agricultural land over to group and individual nonagricultural uses to essential quantities and to ensure in this area more effective local control;

3) to ensure full land utilization, by more substantial development of agriculturally-unutilized land suited for cultivation, undertaking actions aimed at boosting soil fertility;

4) to undertake comprehensive actions aimed at maintaining the hog population achieved in June 1979 as well as return of the cattle population at least to the 1978 level, including by utilization of all livestock raising facilities;

5) to boost livestock production, first and foremost by utilizing farms' own feed stocks, while limiting consumption of concentrated feeds per unit of livestock production; hog and cattle feedlot operations should be set up only on farms possessing suitable feed support capabilities;

6) to boost the effectiveness of management of feed stocks on socialized farms, by reducing losses and rigorous application of feed consumption standards, and on privately-owned farms by increasing instructional activities by the farm service in this area;

7) to ensure full and efficient utilization of funds designated for growth and development of agriculture, focusing attention on their efficient distribution in the territorial and sector system, in conformity with production targets;

8) to concentrate capital outlays primarily on target projects which have already been initiated and which are important for growth and development of agriculture in coming years, such as land reclamation, rural water supply, electrification, and feed support base;

9) to ensure proper development and exploitation of reclaimed land and grasslands, as well as proper maintenance of water impounding and drainage systems;

10) to continue actions strengthening and consolidating growth and development of socialized agriculture and to support growth and development of privately-owned farms which achieve good production results, while assisting farm operations which are weaker but which promise improved performance, and to assist the growth and development of specializing farms and groups of private farmers distinguished by high commodity production.

4. Supply to agriculture of basic means of production should be structured as follows:

1) feed deliveries from government stocks in the 1979/1980 fiscal year should total 8.4 million tons;

2) deliveries of mineral fertilizers, domestic production and imported, should total 3,770,000 tons of net active ingredient, including 1,340,000 tons of nitrogen fertilizers, 980,000 tons of phosphate fertilizers, and 1,450,000 tons of potassium fertilizers; mineral fertilizer growth should be designated primarily for privately-owned farms; on socialized farms efforts should focus on improving efficiency of fertilizer application;

3) deliveries of tractors, agricultural machinery and equipment in value terms should be increased by more than 3%; deliveries of tractors should total 57,600 units, more than 3,900 Bizon grain combine-harvesters, more than 1,200 sugar-beet harvesters figured at single-row units, and 2,500 potato harvesters;

4) within the framework of overall market deliveries it is estimated that for the rural market, deliveries of basic building materials from the output of socialized units should reach at least the following figures: 4,600,000 tons of cement; 4 billion units of wall building elements from central supply sources; 335 tons of rolled products; 450,000 cubic meters of softwood lumber.

C. Forestry

1. In forestry there should be continuation of actions to improve productivity, concentrating primarily on the following:

1) further intensification of work in the area of forest cultivation and management for the purpose of boosting growth in standing timber;

2) maintenance of proper proportions between growth in standing timber and magnitude of timber harvesting.

2. In order to ensure reasonable and efficient forest management it is necessary to accomplish the following:

1) man-assisted afforestation and reforestation on approximately 99,000 hectares, including 69,000 hectares in State Forests;

2) proper tree farming and timber management practices in timber stands totaling approximately 600,000 hectares, including 515,000 hectares in State Forests.

3. To increase tree planting activities on a nationwide scale, it is necessary to plant 12 million saplings on non-forest sites.

4. The timber harvesting target is approximately 21.7 million cubic meters, including 19.5 million cubic meters in State Forests.

D. Construction

1. Construction output should be subordinated to capital investment plan targets, preventing overspending of funds allocated for this purpose, and attention should be focused on ensuring a reduction in construction costs, especially by reducing cost of materials. Activities of construction enterprises should in particular be concentrated on completing capital projects designated as priority, as well as housing construction.

In order to achieve proper implementation of these targets, the following should be ensured:

1) control of output capacity of construction enterprises, adapted to the structure of the capital investment plan;

2) concentration of construction potential on projects to be completed in 1980;

3) improvement of organization of labor at construction sites and better utilization of work time;

4) improvement in quality of contractor work performance, especially in housing construction;

5) adjustment of construction contractor performance potential to the targets proceeding from the capital investment program within the territorial system, especially in regions with a high concentration of construction jobs;

6) improvement in efficiency of management, especially by means of better utilization of construction equipment and means of transportation, efficient management of materials, and especially a decrease in consumption of basic raw materials and other materials.

2. Total value of construction work in the national economy, encompassing projects of a capital investment nature as well as repair jobs, is targeted at approximately 514 billion zlotys.

E. Transportation and Communications

1. Efforts should be made to achieve fuller satisfaction of the transportation requirements of the economy and the public. In particular, in rail transport hauling of bulk freight should be secured, especially hauling of coal from Silesia.

It is essential to achieve further improvement in organization and efficiency of transportation, better utilization of facilities and equipment, including by making repair and overhaul more efficient and by modernizing and upgrading the technical facilities of transportation and communications.

Also needed is assistance for transportation by other sectors of the economy.

2. Freight hauling in public and branch transport -- excluding maritime transport -- should total approximately 1.7 billion tons, that is, an increase of 2.9%, including an increase of 496 million tons on standard-gauge rail lines, and approximately 1.1 billion tons by motor transport organized in enterprises.

3. Passenger service by public transport should exceed 3.5 billion passengers, including 1.1 billion passengers carried by rail, and 2.4 billion by motor vehicles. It is necessary to improve regularity of passenger trains and buses, as well as to improve quality and efficiency of both long-distance and suburban commuting transportation.

4. It is essential to improve the technical state of rolling stock, to improve organization of rail hauling and to achieve maximum utilization of hauling potential, especially by accelerated freight car turnover and improvement in utilization of motive power. Modernization of the locomotive fleet should ensure an increase in the percentage share of electric locomotives in freight service to 59.4%, and in passenger service to 48.5%.

5. It is necessary to ensure needed replacement of track and to increase utilization of heavy rail on main lines in order to improve heavy train traffic.

6. Within the framework of funds allocated for highway maintenance and for capital investment for upgrading roads, work should continue on improving the highway network, as well as road repair activities for the purpose of improving the condition of our roads and highways.

7. In motor transport it is necessary to improve utilization of the vehicle fleet, including the following: improved organization of dispatching operations; improvement in condition of the vehicle fleet; increased supply of new and retread tires, spare parts and batteries; better utilization of load capacity; elimination of empty runs, and increased mechanization of freight handling operations.

8. Hauling of cargoes by our own merchant fleet should total approximately 41 million tons. Polish seaports should handle transshipment of cargo totaling approximately 67.5 million tons. The favorable balance of the Polish merchant fleet should increase by 3.5%.

9. It is necessary to achieve further growth and development of communication services, especially for the general public, including by means of utilization of moneys from the Telecommunications Development Fund. Capacity of telephone exchanges should increase by 72,000 numbers, while growth in number of subscribers should be at least 65,000 numbers. Total value of communication services should reach 35.6 billion zlotys, which signifies a growth of 4.6%.

IV. Means of Plan Implementation

A. Efficiency of Management

1. Achievement of the targets specified in the national socioeconomic plan for 1980 demands achievement of definite improvement in quality of work and efficiency of management in all areas of societal and economic affairs. In particular this involves the necessity of achieving savings in materials, raw materials, energy, more efficient labor, as well as efficient management of other means of production.

2. Progress in management of fuels, energy, raw materials and other materials should be sought, among other things, by expanding the setting of consumption standards, updating of current standards applicable to changes taking place in industrial processes, as well as by observing discipline in implementation of conservation programs.

As a result of these measures, there should occur an overall cost decrease of 0.4% in industry, including a decrease of at least 1.2% in materials, and a total cost decrease of 0.8% in construction, including at least 0.3% in materials. At the same time there should be more efficient organization of supply of materials and raw materials, so that growth in inventories in industry does not exceed 0.8% for every 1% increase in output value.

3. Greater efficiency of employment, improvement in quality and organization of labor as well as labor discipline, better utilization of work time, as well as restricting of fluctuation in employment should constitute an important factor influencing achievement of targeted improvement in efficiency of management.

As a result labor productivity growth is targeted at 4.4% in industry and 6.5% in construction.

4. One should more extensively utilize available solutions in the area of technological progress, ensuring on-schedule production startup on new products, new designs and manufacturing processes, as well as more extensively utilizing the efficiency innovation movement.

It is also necessary to ensure improvement in product quality as well as decreased losses in production-line rejects, plus decreased cost of warranty repairs.

Improvement in product quality should ensure an increase of 6.6% in the number of industrial products designated by the government quality symbols Q and 1.

B. Employment and Improvement of Work Quality

1. A declining rate of growth of labor resources under conditions of this country's further socioeconomic growth and development demands greater

efficiency of manpower management. It is necessary to ensure a flow of skilled labor into the mining industry, power engineering, transportation and agriculture, agricultural services, services for the general public both in rural and urban areas, and to handicrafts contract work, artisan work and trade, chiefly in the agent-commission system. In the remaining sectors of the economy the state of employment should be adjusted to production and labor productivity growth targets specified in these sectors.

2. One condition for achieving these aims is implementation by the socialized economy of a specified program of production and service targets, including by means of labor productivity growth, quality improvement, and increased labor efficiency with maximum efficiency of employment.

3. Achievement of plan targets and labor productivity growth should be promoted, in addition to further growth of technical development, also by an improvement in the level of employee occupational skills and improvement in work organization.

Entry into the work force of young persons who have completed school will help improve the skill structure of the work force, increasing the percentage share of employment of persons with above-elementary education to 65%.

4. Improvement in utilization of the human factor in development processes should be achieved in particular by means of the following:

1) improvement in organization of production as well as production mechanization and automation;

2) continued implementation of a program of improving the structure of employment on the basis of job skills;

3) greater transfer than in the past of skilled personnel from existing plants for the purpose of filling jobs at new plants going into production;

4) observance of the obligation of giving priority in hiring to personnel possessing full occupational skills and their employment in conformity with the skills rate scale;

5) utilization of labor norming and organization as instruments for more efficient management of employment and wage fund;

6) limitation of employment in administration and management, particularly at enterprises and associations;

7) strengthening of work organization and labor discipline both in the areas of material and non-material production.

5. It is necessary to continue focusing attention on improving working conditions as well as matters of employee welfare, and in particular:

1) conditions of industrial health and safety;

2) proper occupational adaptation and familiarization for newly-hired employees;

3) proper implementation of the principles of labor remuneration;

4) forming of attitudes of occupational and social commitment of work forces.

C. Investments

1. Total capital investment spending in the national economy in 1980 is targeted at 600 billion zlotys, including 20 billion zlotys in credit purchases. Capital investment in the socialized economy -- after taking account of additional credit purchases -- will total 535 billion zlotys.

2. In the area of capital investment, under conditions of a reduced level of capital expenditures, priority should be given to the following areas of investment: power engineering, mining, transport, especially rail transport, housing contruction, capital spending by voivodship agencies, especially involving site preparation and construction of hospitals and hospital wings, as well as for small-scale industry.

3. Continuation of the following actions is recommended in capital investment activities:

1) concentration of expenditures on capital projects scheduled for completion in 1980;

2) expansion of the scope of small-scale and renovation investment projects, especially ensuring growth in market and export production as well as increased productivity and improvement in working conditions;

3) narrowing of the capital investment front by limiting newly-initiated capital projects to the most essential, directly connected with already implemented development programs, especially housing construction and the food industry;

4) strengthening of capital investment discipline, especially in the area of economical design and capital project execution, observance of mandatory design standards and standard figures, as well as remaining within specified capital costs in industrial and general construction as well as housing and hospital construction.

4. Capital spending in 1980 is targeted as follows, in the principal sectors of the economy:

		billion zlotys
I.	Sectors in sphere of material production	419.7
	of that:	
	Industry	222.2
	Construction	17.2
	Agriculture	90.7
	Transportation and communications	46.3
	Trade	7.0
	Municipal services	30.3
II.	Public consumption sectors:	180.3
	of that:	
	Housing and non-material municipal services	147.1
	Science and technology development	2.9
	Education	8.0
	Culture and art	1.7
	Health and social welfare	11.0

5. As a result of concentration of assets and activities in the capital investment area, it is anticipated that facilities and capital projects representing a total estimated value in excess of 550 billion zlotys, including a value of approximately 200 million zlotys in the industry sector, are targeted for completion and startup. This will make it possible to obtain substantial increases in new productive capacity, plus other results. Completion and movement on-stream is targeted for the following:

1) major social welfare results:

340-346 thousand new dwelling units totaling 21.7-22.3 million square meters of useful floor area, including approximately 90-96 thousand private-construction dwelling units;

approximately 13,000 hospital beds, both general and clinic, including approximately 8,000 to be ready for use by the end of 1980;

approximately 400,000 square meters of useful floor area in service and store facilities, including 305-315 thousand square meters in residential settlements;

accommodation for 16,000 additional children in preschools and approximately 1,500 classrooms, including more than 500 in consolidated parish [gmina] schools;

250,000 cubic meters in new educational facilities in higher education;

accommodations for 4,600 persons in student and faculty dormitories, including more than 2,000 from capital projects;

new school meal-serving facilities capable of serving 4,200 main meals daily;

2) major industrial projects:

targeted in the fuel and power industry is completion of 1,620 megawatts of new power generating capacity, including the first 360 megawatt generator unit in the under-construction Fuel-Power Combine at Belchatow; the second 500 megawatt unit at the Kozienice Power Generating Plant is to reach peak load capacity;

in hard coal mining, new production capacity of approximately 12 million tons annually is to come on-stream, including at Pilot-Production Mine No 1 in the Lublin Coal Basin; this figure includes targeted production capacity increase of approximately 3 million tons annually at coking coal mines;

targets in the iron and steel industry include reaching an annual production capacity of 500,000 tons annually at the Small Rolling Mill at the M. Nowotka Steel Mill;

in the metals industry two large bearing plants are scheduled to go into production, including a plant in Sosnowiec with a production capacity of approximately 10 million antifriction bearings annually, and a plant in Gdansk with an annual production capacity of approximately 27 million sliding bearings;

in the machinery, precision-instruments, electronics and electrical equipment industry, substantial production capacity is targeted to come on-stream, including a facility with an annual production capacity of 268,000 TV picture tubes at the Color TV Picture Tube Plant in Piaseczna;

in the chemical industry increased production capacity is targeted, including completion of the following: a chlorine and PVC plant at the Nitrogen Works in Wloclawek, and the Conveyer Belt Plant in Rogowec at the Belchatow plants of the rubber industry, with an annual reconditioning capacity of 30 kilometers of conveyer belt;

in the ceramics industry the Wall Tile Plant in Opoczno, with an annual production capacity of 5 million square meters, is targeted to go into production;

in the textile industry, production capacity is completion-targeted, providing increased output as follows: approximately 3,000 tons annually of cotton and synthetic cotton yarn; 2.5 million running meters of cotton and synthetic cotton fabrics, and approximately 1 million pieces of wearing apparel at garment industry enterprises;

other targets include reclamation and improvement of more than 100,000 hectares of farmland and post-reclamation development of approximately 30,000 hectares of meadows and pastures.

D. Supply and Materials Management

1. Progress in management of fuels, energy, raw materials and other materials is essential in order to achieve plan-specified economic and social targets.

2. Achievement of targets in materials management demands the following:

1) increased discipline in achieving materials balances as well as smooth, even deliveries of means of production and materials by all sectors of the economy;

2) regular, systematic meeting of targets pertaining to more efficient management of raw materials, other materials, fuels and energy, and in particular, rigorous observance of economy and conservation regulations, in conformity with programs for achieving more efficient materials management;

3) implementation of the program of recovery and utilization of waste materials and secondary raw materials, and in particular collection of scrap metal and waste paper, employment of substitute raw materials and other materials as well as local raw materials, especially in private housing construction and construction of livestock buildings;

4) expanded reconditioning of replacement parts, storage batteries, tires, etc.

E. Economic Cooperation With Foreign Countries, Development of Integration Within the Framework of the Council for Economic Mutual Assistance

1. It is necessary to ensure implementation of determinations proceeding from this country's further development needs, specified in agreements on economic cooperation with other countries, and especially member nations of the Council for Economic Mutual Assistance.

Of particular importance is economic cooperation with the Union of Soviet Socialist Republics. This cooperation should be expanded and developed on the basis of coordinated plans and long-term programs, taking account of specialization and co-production for the basic branches of industry, as well as scientific and technical cooperation.

2. Further progress in deepening socialist economic integration should be ensured by means of:

1) active participation in preparations to carry out undertakings encompassed by long-range general programs of cooperation among the member

in the food processing industry the following facilities are targeted for completion: plants with a production capacity to mill 375 tons of grain per day, 3,000 tons of milled products annually, and facilities in the feed-waste recovery industry with a production capacity of 13,000 tons annually of feed meal;

in the paper industry the first facilities at the Pulp and Paper Plants in Kwidzyn are targeted to come on-stream, including a pulp mill with an annual production capacity of 170,000 tons;

in the bakery goods industry, an increase in production capacity is targeted at more than 260 tons per day for ordinary bakery goods, and an increase of approximately 100 tons per day for sweet bakery goods, including from facilities to be completed in Poznan, Szczecin, and Wroclaw;

in the dairy industry, new production capacity is targeted to come on-stream, providing processing of approximately 500 million liters of milk annually, approximately 25,000 tons of powdered milk, more than 5,000 tons of cheese, and approximately 9,000 tons of butter annually; also targeted to come on-stream are new fruit and vegetable freezing-processing plants with a freezing and canning capacity of more than 20,000 tons annually;

in the housing construction industry, new production capacity is targeted at plants producing large-size components, providing capability to build approximately 1 million square meters of useful floor space;

3) major transportation and communications facilities:

targeted in rail transport is an increase in hauling capacity by electrification of an additional more than 400 km of rail lines, construction of more than 60 km of new trackage at interchanges and yards, expansion by an additional 100 kilometers of automatic signaling, interlocking and communications;

targets in maritime transport include completion and movement on-stream of a new container terminal on the Hel coast at Gdynia, with a transshipment capacity of approximately 450,000 tons annually;

targets in local telephone service include increased capacity at telephone exchanges by 72,000 numbers, including 40,000 numbers from expansion of existing exchanges;

4) major results in agriculture:

targeted in socialized agriculture is movement on-stream of the following in new livestock buildings: 140,000 stalls for cattle, including 42,000 for cows, as well as accommodation for 330,000 hogs and 130,000 sheep;

30 hectares of new greenhouses are targeted to come on-stream;

nations of the Council for Economic Mutual Assistance, for the purpose of ensuring in the future increased deliveries of fuels and raw materials for our economy, as well as a more efficient shaping of the structure of trade exchange of the goods produced by the processing industries;

2) Polish participation in expanding fuels and raw materials production capacity in the Soviet Union, for the purpose of ensuring increased deliveries of fuels and raw materials for our economy;

3) implementation of bilateral and multilateral agreements and contracts with CEMA member nations in the area of production specialization and co-production; the value of goods deliveries on the basis of execution of agreements on production specialization and co-production will comprise approximately 22.1% of the total value of trade with these countries.

It is also necessary to undertake certain initiatives aimed at resolving -- in cooperation with the CEMA member nations -- problems connected with growth and development of food production, the food processing industry, and improvement in domestic market supply.

3. In the course of plan implementation it is necessary to utilize opportunities for further expanding cooperation deepening production specialization and co-production, as well as broadening of exchange of finished goods for raw materials.

4. In cooperation with the developing countries, it is necessary to seek expansion of economic contacts on the basis of long-term economic cooperation programs.

5. In cooperation with developed capitalist countries, it is necessary to seek broadening of beneficial co-production agreements.

F. Foreign Trade

1. In the area of foreign trade it is necessary to seek further growth and development of exports, in order to obtain funds:

1) for essential imports of raw materials and other materials in 1980 for the production needs of industry and other sectors of the economy, as well as for the import of machinery and modern equipment for implementation of the capital investment program and for the production of goods enriching market supply;

2) for loan service and installment payments on extended credit.

2. The value of foreign trade in the area of goods, construction and services is targeted to reach 123.5 billion foreign-exchange zlotys, which signifies a 9.1% increase, with a higher growth rate for exports than imports.

3. It is necessary to create conditions for further activation and maximum increase of exports by utilizing reserve potential for growth and development of export production, as well as a higher degree of processing of goods designated for export. It is necessary to improve on a systematic basis the quality of export goods and to ensure attainment of world standards.

4. It is necessary to endeavor to surpass the targeted value of export of goods and services by taking skillful advantage of the price situation in foreign markets, as well as expanding and enriching forms of export promotion.

5. It is necessary to continue efforts to make imports more economical and efficient. Industry and foreign trade should cooperate more closely, utilizing possibilities of substitution both as regards goods and areas of purchase.

6. Manufacturers and traders should seek greater efficiency of trade with foreign countries by improving profitability of export and reasonable economy of import, as well as by flexible utilization of price changes in foreign markets.

G. Science and Technology

1. A basic task of science and technology is a closer link between scientific research, development and application activities and socioeconomic needs, as well as increased efficiency of management. It is necessary to obtain improvement in utilization of Polish research and development efforts.

2. Research and development efforts should be concentrated on elaboration, preparation and application of new technical, economic, organizational and other developments proceeding from government research and development programs as well as key problems. These projects should be linked with plan targets pertaining to achieving more efficient consumption of materials, raw materials and energy, improvement in quality and up-to-dateness of goods produced, increased effectiveness of export and reasonable, economical imports, as well as housing construction.

3. In order to obtain lasting results from acquired licenses, scientific research and development facilities should work on their further improvement and development, as well as preparing proposals for solutions which eliminate imports.

4. It is necessary to develop comprehensive scientific and technical cooperation with foreign countries, and especially with the Union of Soviet Socialist Republics and the other member nations of the Council for Economic Mutual Assistance.

5. Financial outlays on research and development will total approximately 40.8 billion zlotys. Within the framework of conducted scientific research and development activities, it is planned to put into production 428 major new products, processes and organizational methods, including 52 new products designated for supplying the market, and 239 designated for export or replacing imports.

H. Quality, Standardization, Metrology

In performing tasks aimed at growth and development of industrial production, services, construction jobs and facilities, it is necessary to concentrate attention on principal areas and directions of action which exert considerable influence on improving quality, and in particular on:

1) proper development and improvement of functioning of the national quality certification system, including certification independent of the manufacturer, as well as application of the principles of optimization of quality requirements on series-manufactured products, especially important product items, beginning with the preproduction technical phase;

2) steady increase in the quantity and value of top-quality products designated by the government quality marks Q and 1;

3) further development and improved efficiency of the standardization system and its functioning as well as establishment, by means of standards, of reasonable foundations for efficient management, and especially thrifty consumption of electricity, fuels, raw materials and other materials, boosting of demands from a technical and product user standpoint, and improvement of criteria for product evaluation and quality acceptance;

4) strengthening of discipline of observance of the requirements of mandatory standards and other specific technical regulations connected with ensuring quality;

5) securement -- in conformity with quality demands -- of further progress in improving measuring equipment and techniques by means of further development of the system of government standard weights and measures, and boosting of the level of metrological services for the economy in the area of legalization and ratification of type and testing of measuring instruments.

I. Improvement of Methods of Management and Functioning of the Economy

In 1980 there should be continuation of efforts aimed at further improving management and functioning of the economy. It should create conditions for reaching the goals specified in the national socioeconomic plan. It is necessary to emphasize the growing role of work forces, worker self-government conferences and trade unions in the campaign to boost labor productivity and improve management efficiency. One task of economic administration

should be cooperation and creation of conditions for vigorous activity on the part of work forces. Follow: e essential for improving management and functioning of the economy:

1) increased discipline in implementing the national socioeconomic plan;

2) current control of plan implementation and undertaking of effective means of countering obstacles to plan implementation, while broadening the scope of areas encompassed by quarterly planning;

3) further improvement and deepening of systems solutions for the purpose of improving efficiency of management;

4) improvement and strengthening of systems solutions activating growth and development of export;

5) improvement and deepening of influence on plan implementation by banks and the finance system, as well as consistent broadening of standard cost accounting;

6) strengthening of discipline in observing co-production contracts and subbranch agreements;

7) improvement in striking a balance on basic products and streamlining the management system in materials-technical supply and in foreign trade;

8) improvement of criteria for evaluating the performance of ministries and economic organizations, for the purpose of increasing influence on progress in efficiency of management;

9) improvement of the system of financing economic activity in the voivodships and gminas, increased effectiveness of influence by voivodship governors and their responsibility for proper voivodship socioeconomic development;

10) strengthening of the role of banks, enhancement of the role and responsibility of the finance edifice for utilization of finances.

V. Socioeconomic Development of Voivodships

1. In order to ensure further socioeconomic development of the voivodships, there must be fuller utilization of the coordination powers of local authorities to increase efficiency of management as well as to achieve complete achievement of plan targets for 1980.

An important role should be played by better utilization of existing production, materials and manpower reserve potential, improvement in

management efficiency in all areas, as well as thriftier management of available funds.

2. In the area of housing construction it is essential to create conditions for full achievement of targets pertaining to housing as well as concomitant construction of community facilities.

It is essential efficiently to manage funds designated for housing construction, in particular by observing specified costs per square meter of usable floor area of dwellings. One way to achieve this is to eliminate still-occurring wastage of materials, improved utilization of construction equipment, boosting labor productivity, as well as keeping within the specified percentage share of buildings taller than five stories in multiple-unit housing construction.

Special attention should be focused on improving the quality of housing turned over for occupancy as well as on-schedule delivery of completed buildings and their rapid occupancy.

Greater concentration of work efforts on attendant facilities is essential in building residential communities.

An effort should be made to ensure implementation of the principles of distribution of housing in conformity with current regulations, creating conditions for improving the housing situation for the general public as well as achievement of fundamental socioeconomic goals. It is also necessary to improve management of existing housing stocks, including more efficient housing repair and renovation activities.

3. Essential in the area of capital investment is concentration of expenditures on projects scheduled for completion in 1980 as well as restriction of initiation of new projects to the most urgent, especially those connected with site preparation for housing construction. This should result in a substantial narrowing of the capital investment front and make it possible to achieve essential results chiefly in municipal services, housing construction, health care, education and culture.

In order to ensure fully meeting plan-specified targets in housing construction, special priority should be given to execution of capital projects comprising general urban construction site preparation as well as heating plants and water intake facilities targeted for completion in 1980.

Conditions for full completion of targets in these priority areas of capital spending should be created by observing mandatory standards and standard amounts, by staying within overall and unit capital construction cost figures, as well as essential concentration of available funds. Proper preparation of capital projects for execution should be an important task of construction financing agencies, with particular consideration of

on-schedule preparation and delivery to construction organizations of sites for new capital construction projects, especially in housing construction.

4. Further growth and development of small-scale industry as well as services performed by socialized economic units and artisan trades is an important task.

It is necessary to undertake actions aimed at boosting the output and services of socialized small-scale industry for supplying the general public, extensively utilizing the new principles of the economic-finance system.

It is necessary to utilize thereby local raw materials resources, production waste, secondary raw materials, substandard materials, available reserve production space, as well as designating for this purpose machinery and equipment not being utilized in key industry.

Organization of the work of service enterprises should be improved, and their work time should be adjusted to social needs.

Local authorities and government administrative agencies should focus particular attention on development of domestic services, and particularly motorization, construction-repair, repair and maintenance of mechanized and electrical household equipment, furniture-upholstery, clothing and laundry services.

5. The principal task of agriculture and livestock raising in 1980 should be a substantial improvement in land management, acceleration of the rate of crop production growth, as well as maintenance of the development trend in livestock production, in order to provide adequate supply of foodstuffs to the population.

In order to achieve agricultural production growth it is necessary to ensure full utilization of all agricultural land, increased protection of agricultural land from excessive and premature transfer to non-agricultural uses, and especially prevention of prime farmland from being transferred over to these uses. It is necessary rapidly to recultivate reclaimed acreage released from mining, industry, and construction.

Improvement in land utilization should occur in all sectors, and scattered plots should be farmed by privately-owned farm operations, guaranteeing their agricultural utilization, at the same time endeavoring to improve the acreage structure of these farms.

One of the principal targets of the 1980 plan is to reduce pressures in the grain-seed balance. This will require intensification of crop production by increasing in the crop structure the percentage share of grains and industrial crops, as well as internal optimization of the structure of feed crops, by expanding the growing of high-yield crops, including corn.

The principal task in livestock production is to maintain the livestock population and appropriately to channel efforts and funds in order to achieve more substantial growth of breeding stock, which determines performance in subsequent years. There should occur improvement in utilization of feed supplies by limiting losses in harvesting and storing feed as well as restraining a growth trend in consumption of concentrated feeds, as well as stepping up utilization of a farm's own feed and feed from other sources. It is necessary to endeavor to reduce feed consumed per unit of livestock product, especially on socialized farms, which should be an important factor in intensifying agricultural production and improving efficiency of management. Capital expenditures should be concentrated primarily on projects scheduled for completion in 1980 in the area of land reclamation and improvement, agricultural water supply, feed production, and construction of livestock facilities.

6. In the area of health care and special services, local authorities and government administrative agencies should improve work organization of health care and social service establishments, in order to adapt them more fully to growing social requirements, ensuring proper distribution of medical personnel and on-schedule movement on-stream of newly-built hospitals and hospital wings.

Improved efficiency of operations by all agencies providing social services, better utilization of medical equipment, and intensification of efforts aimed at improving health and sanitation in the voivodships should be an important factor in improving health care.

7. In the field of education particular attention should be focused on improving teaching and instruction in the schools and education-indoctrination centers.

It is necessary to continue work on adoption of reform in the public education system and activities aimed at development of preschool education.

In conformity with the requirements of the economy in skilled personnel, in 1980 it is necessary to ensure, under conditions of a decreasing number of pupils graduating from elementary schools, an increase in the number of pupils enrolled in the first grades of post-elementary schools in areas of training connected with animal husbandry, mining, transportation, and services.

Particular attention should be focused on completion of school and preschool capital construction projects attendant to housing construction in residential communities as well as consolidated gmina schools and faculty housing.

In the future it is necessary to improve the system of busing children to consolidated gmina schools.

8. In the area of cultural-educational activities, local authorities and government administrative agencies should concentrate attention on maximum

utilization of existing facilities, in particular enterprise-adjacent cultural facilities, as well as fuller implementation of cultural-recreational services plans for the general public. Fuller utilization of personnel potential as well as forming of correct organizational structures of cultural centers operating in the voivodships should be an important element in improving cultural activities.

9. Achievement of the targets of the national socioeconomic plan will demand efficient guidance of the activities of all components of local government administrative agencies.

VI. Final Provisions.

The Sejm of the Polish People's Republic authorizes the Council of Ministers to:

1) specify plan targets and funds for the individual ministries, central establishments and voivodships;

2) in the course of the year, in case of justified need, make changes in those targets and funds, while maintaining the fundamental plan objectives and proportions. The Council of Ministers shall periodically inform the Sejm on major changes.

Speaker of the Sejm: S. Gucwa

3024
CSO: 2600

FOREIGN TRADE DYNAMICS, FINANCIAL REGULATION EXAMINED

Bucharest REVISTA ECONOMICA in Romanian No 44, 2 Nov 79 Supplement pp 1-5

[Article by Dr Al. Detesan and Dr S. Porojan]

[Text] Today, when the technical and scientific revolution has left its positive imprint and when the world economic trade has undergone an unprecedented development, no country -- independently of the level of its economic development -- can objectively remain outside the flow of international exchanges; given the existence of these conditions, Socialist Romania became from its earliest years, one of the countries which actively participated in these exchanges.

Dynamics of International Economic Exchanges

The growth dynamics of international economic exchanges can be assessed from some highly illustrative statistics: the world's exports increased from about 6 billion dollars in 1880, to 18.32 billion dollars in 1911-1913; during the last decades, the same exports grew even more spectacularly, moving from 164.3 billion dollars in 1965 for the capitalist countries alone, to 787.5 billion dollars ten years later.

With the establishment of the people's power, Romania responded to an objective necessity and entered the world's exchange of material and cultural values; as a result of the wise policy pursued by our party and state, Romania's international trade has grown very rapidly, particularly during the last ten years, recording year after year, qualitative improvements in the structure of goods and in the geographical distribution of exportations and importations. Some statistics are conclusive here as well: the total volume of Romania's foreign trade increased 20-fold between 1950 and 1978; in 1978, foreign trade was more than twice as large than in 1970, for an average annual growth rate of more than 18 percent between 1971 and 1978. During the 1965-1978 period, the average annual rate of growth of Romania's international trade was about 16 percent, while the world's average was less than 9 percent. Romania's economic international exchanges for the 1960-1978 period are shown in table 1.

Table 1. Growth rate of Romania's international exchanges during the 1960-1978 period (based on 1960), million lei currency.

	1960	1975	1976	1977	1978
Total foreign trade	8,189	53,095	60,798	69,773	77,440
	100	648	742	852	946
Exportation	4,302	26,547	30,505	34,894	36.821
	100	617	709	811	856
Importation	3,887	26,548	30,294	34,879	40,618
	100	683	779	897	1,045

Source: Romania's Statistical Yearbook -- 1976, pp 373 ff; 1977, pp 420 ff; 1978, pp 443 ff; 1979, pp 490 ff.

These statistics show the steady growth of Romania's international trade, whose dynamics exceed those of many capitalist, and even socialist, countries. There is no question that such a growth rate in foreign trade could not have been achieved without the intensive international activities conducted by the party and state leadership throughout the world. In his closing speech to the Conference of Party and State Activists in the Fields of Foreign Trade and International Economic Cooperation, of 14 February 1975, the secretary general of the party stated: "By consistently applying the guidelines of the 11th Party Congress, we will continue to act in the future to expand economic collaboration with all nations, for Romania's active participation in the total international economic and financial picture, considering as we do, that participation in the international division of labor, and in the exchange of material and intellectual values with other countries, independently of their social order, is an objective necessity for each country's progress and civilization, at the same time as it is an active contribution to a more extensive collaboration among nations, and to peace in the world." During the same speech, he pointed out that Romanian products, the fruit of our people's labors, are found in many countries -- more than 140 at present -- while our nation receives various products which it needs from equally as many states. As a result of the rapid rate of development of our foreign trade, Romania's portion of the world's trade went from 0.37 percent in 1950, to more than 0.60 percent in 1978.

Economic Exchanges by Groups of Countries

The guidelines for international economic collaboration with socialist countries was clearly formulated by the secretary general of the party, Nicolae Ceausescu, in his speech to the Plenary Session of the Central Committee of the RCP and Romania's Supreme Council for Economic and Social Development, of 21-22 July 1975, in which he stated: "During the coming period, we will act as in the past to intensify our economic collaboration with socialist countries, devoting particular attention to the fulfillment of the Comprehensive Program, on the basis of principles adopted jointly by

Table 2. International exchanges with socialist countries, million lei currency.

Country	1971	1975	%	1978	%
Total foreign trade	25,222	53,095	100	77,440	100
Russia	6,307	9,857	18.6	12,990	16.8
German Democratic Republic	1,701	2,909	5.5	5,557	7.2
Czechoslovakia	1,631	2,447	4.6	4,027	5.2
Poland	928	2,073	3.9	3,342	4.3
Hungary	839	1,603	3.0	2,483	3.2
Bulgaria	402	1,023	1.9	1,612	2.1
Mongolia	27	34	0.1	47	0.1
Cuba	151	127	0.2	18	0.1
Total CEMA member nations	11,986	20,073	37.8	30,076	39.0
Chinese Peoples' Republic	1,132	2,164	4.1	3,601	4.7
Yugoslavia	626	1,210	2.3	1,569	2.1
Vietnam Socialist Republic	23	58	0.1	312	0.4
Korean Peoples' Republic	124	185	0.3	217	0.3
Albania	57	81	0.2	112	0.1
Total socialist countries	13,948	23,771	44.8	35,887	46.6

CEMA member nations. I believe that the essential goal of collaboration within CEMA must be the accelerated progress of each national economy, the equalization of levels of development for all countries, and the overal growth of socialism's strength and prestige in the world."

The socialist nations, and primarily those which are members of CEMA, play an important role in Romania's international economic exchanges; the rate of development and position of socialist countries in Romania's foreign trade is shown in table 2.

The statistics also show a constant growth in our economic exchanges with developing nations. While in 1970 these exchanges represented only 10.15 percent of Romania's total foreign trade, their proportion grew to 20.6 percent in 1978. The dynamics of these international exchanges are shown in table 3.

Romania's growing foreign trade also resulted in a considerable expansion of our country's commercial relations with an increasing number of countries with developed capitalist economies. The role played by these countries in our total economic exchanges is shown in table 4.

As can be determined from party documents, the development of economic exchanges with capitalist nations, whose directions were laid down as early as 1975, can be summarized as follows: finding suitable approaches to intensify economic exchanges with smaller countries in Europe, especially those outside of the Common Market, with whom economic relations heve been

Table 3. International exchanges with developing nations, million lei currency.

Country	1971	1975	%	1978	%
Total foreign trade	25,222	53,095	100	77,440	100
Developing nations of which:	2,419	10,318	19.5	16,201	20.6
Iraq	6	386	0.7	2,111	2.7
Iran	347	1,702	3.2	1,902	2.5
Lybia	97	933	1.8	1,856	2.4
Greece	218	630	1.2	1,271	1.6
Syria	24	402	0.8	890	1.1
Turkey	50	262	0.5	804	1.0
Egypt	207	727	1.4	714	0.9
Lebanon	177	463	0.9	572	0.7
Algeria	94	408	0.8	517	0.7
India	199	511	1.0	427	0.6
Spain	105	536	1.0	395	0.5
Kuwait	17	360	0.7	282	0.4
Maroc	16	213	0.4	201	0.3
Brazil	57	267	0.5	198	0.3
Singapore	50	157	0.3	136	0.2

slow in developing; we will seek to avoid concentrating, our imports in particular, on a limited number of countries; similarly, we will seek to develop economic relations with Balkan countries, an action which will lead to a collaboration and neighborliness with this geographic region.

Structural Evolution of Exchanges by Groups of Products

The continued expansion of Romania's geographic area of economic exchanges was paralleled by a substantial improvement in the structure of the goods involved in these exchanges; together with its dynamic growth, the exportation of Romanian goods was aimed at the valuation of highly processed products -- machinery, chemical products, industrial consumer goods -- which in 1978 amounted to more than [missing in text] percent of the total exports, as compared to 48 percent in 1970; during this period, the average price per ton of goods sold increased by about 80 percent for exports as a whole. Romania's foreign trade by groups of products is shown in table 5.

The table indicates that in 1978, three groups of products resulting from our country's intensive industrialization -- machinery, tooling, and means of transportation; chemical products and fertilizers; and industrial consumer goods -- represented 55 percent of our total exports.

Table 4. International exchanges with developed capitalist nations, million lei currency.

Country	1971	1975	%	1978	%
Total foreign trade	25,222	53,095	100	77,440	100
German Federal Republic	2,126	5,039	9.5	6,231	8.0
United States of America	533	1,174	2.2	3,889	5.0
France	1,310	1,689	3.2	2,421	3.1
Italy	1,372	2,273	4.3	2,345	3.0
Austria	662	1,493	2.8	1,850	2.4
England	995	1,503	2.8	1,839	2.4
Switzerland	450	2,068	3.9	1,752	2.3
Japan	268	1,089	2.1	1,531	2.0
Holland	370	1,019	1.9	1,524	2.0
Sweden	197	590	1.1	738	1.0
Belgium	273	541	1.0	655	0.8
Canada	99	118	0.2	281	0.4
Israel	179	298	0.6	261	0.3
Norway	21	112	0.2	35	0.1
Total developed capitalist nations	8,855	19,006	35.8	25,352	32.8

Fundamental Principles of International Economic Exchanges

The trade and international cooperation activities which are components of the comprehensive actions conducted to fulfill the unified national plans for Romania's socio-economic development, follow the directives of party and state documents, which in turn shape the legal regulations of the judicial framework of this important domain. We do not propose to conduct an exhaustive analysis of these dir[illegible]ves for activities in the domain of international economic exchanges [illegible] only to outline some of the fundamental principles covering: [illegible] need for Romania's participation in international economic exchanges; the state foreign trade monopoly; and the directions and conditions for promoting exportation and importation.

a) The need for Romania's participation in international economic exchanges. "In our era," Nicolae Ceausescu, secretary general of the party, has pointed out, "when scientific and technical progress make available to the people huge possibilities to increase their material and cultural wealth and to exploit natural resources for the benefit of society, the development of economic relations among nations, participation in the international division of labor, and the formation and expansion of international cooperation, impose themselves as objective necessities for the progress of each separate nation and for the development of human civilization in general, and as an essential condition for the institution of a climate of trust among countries, and of security and peace in the world. No country that wants to progress and benefit from the fruits of modern scientific and technological developments, while contributing to solve the large problems that face mankind, can remain outside this progress."

Table 5. Structure of Romania's foreign trade by groups of products, in percent.

	1975		1978	
	Exportation	Importation	Exportation	Importation
Total, of which:	100	100	100	100
Machinery, tooling, means of transportation	25.3	34.7	28.4	37.1
Fuels, materials, ores, metals	22.3	38.2	22.4	37.7
Chemical products, fertilizers, rubber	10.8	6.5	9.2	6.7
Non-food raw materials and processed products	6.3	8.4	5.7	6.5
Food raw materials and food products	16.3	7.7	14.3	6.9
Industrial consumer goods	16.1	3.8	17.4	3.7

In this modern era therefore, when the international division of labor has been intensified by the technical and scientific revolution, no country, no matter how wealthy and industrially advanced it is, can remain outside the world's economic circuit, because it cannot produce and fully satisfy its continually diversifying domestic needs; each nation has something to receive from and give to the international circuit of values, knowledge, and services.

The Draft for Directives for the 12th Congress of the RCP shows that the 1981-1985 five-year plan places particular stress on problems associated with improvements in our foreign trade and with collaboration and cooperation with other nations, these points being an inseparable part of the general activity conducted to fulfill the Program for Building a Multilaterally Developed Socialist Society.

The fundamental principle of economic relations with the nations of the world is stated with absolute clarity in the draft: "In Romania's rapid socio-economic development, an extremely important role will be played by an intensified collaboration and cooperation between our country and socialist countries, developing nations, and all nations in the world, including developed capitalist countries; by a continued expansion of commercial exchanges, and of cooperation in production and technical and scientific domains; and by a continued improvement in our total foreign trade. We will seek to achieve a surplus trade balance which will assure an even balance of payments, and the consolidation of the country's currency reserves. Our country will conduct economic relations and cooperation with other nations on the principles of respect for national independence and sovereignty, equality of rights, non-involvement in domestic affairs, and mutual advantage. Romania will consistently promote economic collaboration with CEMA member nations and with all socialist countries, which will continue to

hold the major proportion of our foreign trade. We will amplify and diversify economic relations with other countries in the world, as well as Romania's participation in the international division of labor and in the world-wide exchange of values."

The comprehensive application of the fundamental principles of international economic cooperation, increasingly impose the need to form a new type of relations among nations, based precisely on the principles enumerated above.

b) The state monopoly on foreign trade is instituted by article 9 of the Constitution, and reiterated in the Law on Economic Contracts, whose article 49 provides that: "Foreign trade and international economic cooperation activities are a state monopoly, and are conducted according to the party and state policy for expanding and diversifying foreign economic relations consistent with the provisions of the unified national plan for socio-economic development."

The principle of state monopoly of international trade and economic cooperation activities, finds its application in the authorization of a restricted number of socialist units to conduct such activities; for instance, article 60 of the Law on Economic Contracts stipulates that foreign contracts for exportation, importation, and international economic cooperation, must be made only by foreign trade enterprises as well as by centrals, production units, project contractors, or service groups which are authorized by law to conduct trade operations on foreign markets.

c) The directions for development of international trade and economic cooperation are given both by the Draft for Directives and by the Law on Economic Contracts. The draft indicates that during the 1981-1985 five-year plan, exportation will grow at a sustained rate, increasing by 60-71 percent compared to the achievements of the present five-year plan, aiming at a larger proportion of highly processed goods; in 1985, the products of the machine building, chemical, and light industries will represent 65 percent of the total exports. Capabilities will be created which will manufacture -- exclusively of for the most part -- products intended for exportation. During the same five-year plan, the currency allocated for importations will be oriented to provide a larger volume of basic raw materials, as well as to acquire machinery, tooling, installations, and other products necessary to the national economy.

Economic and technico-scientific cooperation will play an increasingly important role in foreign economic relations. Particular attention will be devoted to cooperation and specialization in machine construction, as part of balanced exchanges which will accelerate technologic progress and increase economic efficiency. Cooperation with other countries will also be sought, intended to satisfy in the long term and under advantageous conditions, the raw materials demand of our fully developing national economy.

To establish economic relations, the draft indicates an intensified concern for achieving long-term agreements and pacts -- both in materials supply and in production distribution -- which will make it possible for our economic units to properly organize their activities aiming at a more distant future, so as to obtain a high economic efficiency.

As the legal framework for economic relations among Romanian socialist organizations, as well as between these organizations and foreign partners, the Law on Economic Contracts, in the introduction to chapter III -- Foreign Trade and International Economic Cooperation Contracts -- states that "trade relations with CEMA member socialist nations are conducted on the basis of the provisions of the CEMA Statute, as part of multilateral agreements and general contracting conditions specific to various areas of activity, and must lead to more extensive economic exchanges, greater production specialization and consequent intensification in cooperation relationships, and an equalization of levels of development." The law goes on to state that "trade relations with other socialist countries will assure, on the basis of long-range agreements and other understandings reached with these countries, an intensification in economic exchanges and cooperation actions under mutually advantageous conditions, which will contribute to the strong development of the national economies of each country." Referring to foreign trade activities with developing nations, the law specifies that in keeping with agreements concluded with these countries, the aim will be to valuate the economic potential of each country as part of balanced exchanges, and "to satisfy mutual interests in new and efficient forms of cooperation, eliminate underdevelopment, and promote new and fair economic relations in international life." Starting with the principles of peaceful coexistence among nations with different social orders, foreign trade relations with developed capitalist countries are conducted as part of agreements and other understandings reached with these countries, so as to eliminate discriminatory or restrictive practices, and to widely promote exchanges of modern goods or technologies, as well as cooperative actions in production and the sale of goods.

In the area of cooperation, the Law on Economic Contracts provides the following: "The development of economic relations with all socialist nations, developing nations, and other countries, will assure the wide promotion of cooperative actions in production and other forms international economic cooperation, and on this basis, will achieve a balance between importation and exportation, particularly by long-range projects. Importations of installations, machinery, equipment, and subassemblies will be carried out primarily as part of cooperative actions and of counterpart exportation of products from the machine building branch." (article 51, paragraphs 1 and 2).

Regulation of Foreign Financial-Currency Relations

In the light of the fundamental principles regarding Romania's international economic exchanges, foreign financial-currency relations were legally regulated through the Law on Finances No 9/1972, modified by Law No 2/1979, published in BULETINUL OFICIAL No 59/1979.

To confirm the indestructible bond existing between international economic exchanges and foreign financial-currency relations, article 121 of the Law on Finances stipulates that: "Production for exportation, as well as exports themselves, must be conducted so as to assure resources necessary for importation, increase the state's currency reserves, and continue to improve economic efficiency and the profitability of production and foreign trade units, and increase the national income, and on this basis, consolidate the buying power of the national currency both domestically and with respect to other currencies."

To meet this imperative need, the Draft of the Program-Directive for Scientific Research indicates that "it will be necessary to investigate more thoroughly new phenomena and trends in the world economy, as well as ways and means for restructuring the international division of labor and defining the new international economic order." The draft goes on to state that "within this framework we will intensify research into the participation of Romania's economy in the world economic circuit, the achievement of a highly efficient foreign trade, and the assurance of conditions for moving toward the international convertibility of the leu."

a) Planning instruments. Article 123 of the Law on Finances establishes that financial-currency activities are conducted on the basis of a unified system of plans, which includes: a) the balance of foreign payments; b) the plan for currency receipts and payments of enterprises, centrals, ministries, and other central and local organs; c) the balance of foreign debts and other obligations.

According to article 124 of the same law, the balance of foreign payments is formulated by the Ministry of Finances (MF), the State Planning Committee (CSP), the Ministry of Foreign Trade and International Economic Cooperation (MCECEI), and banks, together with other ministries and central organs, in correlation with the indicators of the unified national plan for socio-economic development and with the state budget, under conditions of currency balance; this balance of payments is determined according to relationships and to the conduct of currency receipts and payments for ministries and other central organs responsible for the plan, and is approved yearly and every five years at the same time as the unified national plan for socio-economic development, while the assignment of quarterly indicators is approved at the same time as the economic indicators.

The task of the Romanian Bank for Foreign Trade (BRCE) is to organize the documentation regarding the balance of foreign payments and to present monthly to the MF, MCECEI, and CSP, the situation of these payments.

The plan for currency receipts and payments for ministries, other central and local organs, centrals, enterprises, and institutions, is formulated in correlation with the other projects in the economic and financial plan and with the balance of foreign payments, and includes the total amount of currency receipts and payments. These plans are conducted by ministries and other central and local organs, through enterprises for foreign trade.

The organization of documentation, monthly and quarterly reports of achievements, and the responsibility for complete and on-time receipts of currency rights falls upon enterprises, centrals, ministries, and other central and local organs. Collective management organs will analyze the manner in which the currency receipt and payment plans are fulfilled, and will take whatever measures are necessary to respect the planned currency balance.

For the complex exportation of complete systems, assembly and installation projects, and other similar endeavors, ministries and other central organs responsible for enterprises which work on such projects, have the obligation to:

Report to the Council of Ministers within 30 days from the date stipulated in the contract for project completion, the situation of each project with a value greater than 100 million lei currency, and the manner in which the approved financial-currency indicators have been met;

Analyze within its management councils the manner in which approved economic and financial-currency indicators have been fulfilled for projects valued up to 100 million lei currency.

According to article 131 of the Law on Finances, the MCECEI, CSP, and BRCE, are responsible for achieving the balance of foreign payments, and for observing and periodically analyzing the receipts for exportations and the payments for importations. They report quarterly to the Council of Ministers on the manner in which the plan for currency receipts and payments has been fulfilled by each ministry and by each central or local organ, and propose measures for maintaining the planned currency equilibrium.

The balance of foreign debts and obligations is regulated by articles 134-136 of the Law of Finances. This balance includes the rights and obligations assumed abroad as part of exportation, importation, international economic cooperation activities, performances of projects, services, tourism, and other endeavors, as well as foreign credits received and granted, consequent interests and commissions, participations in joint companies and international financial banking organs, currency reserves abroad and currencies of foreign partners in Romanian banks, as well as

other currency rights and obligations in foreign relations. This balance is determined by the MF, CSP, MCECEI, and banks, by groups of countries and relationships, with annual installments, and is presented to the Council of Ministers together with annual and five-year plans.

b) Foreign credit and discount relations. Article 137 of the Law on Finances establishes the general principle according to which foreign credit relations are established either on the basis of foreign contracts or by means of international treaties (agreements, conventions, and other understandings) which respect domestic rights; foreign credits are granted and received through banks and foreign trade enterprises, and the resources necessary for these credits, including those involved in conventions or governmental agreements, are assured by bank credits; foreign credit receipts are used according to the provisions of approved credit plans.

Article 141 of the Law on Finances compels foreign trade enterprises to stipulate in contracts for import-export, international economic cooperation, tourism, services, transportation, and international shipping, firm guarantees, discount methods, and conditions of payment and credit, which will assure the complete and on-time receipt of all currency rights, and the fulfillment of assumed obligations. These units are responsible for the failure to receive currency sums on the due dates established in foreign contracts, and for executing guarantees and other procedural actions necessary to recover all debts and rights.

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STATUS OF CHEMICAL INDUSTRY, PLANS FOR 1980

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 19-21 Jan 80 p 2

[Article by Andja Petrovic: "An Importer Could Become an Exporter: Import Substitution as a Reliable Strategy for Economic Stability—The Chemical and Rubber Industries"]

> [Text] The agreement on development of capacities of the heavy chemical industry in the period 1976-1980 called for the ratio of imports to exports in 1980 to be 2:1 instead of the 3:1 it was in 1975, and balance would be achieved in 1990. The first part of this goal has not been achieved.

The chemical industry is our second largest importer, after the metal manufacturing industry, with a share of 13 percent in total Yugoslav imports. Foreign purchases consist primarily of chemical raw materials, since the heavy chemical industry in Yugoslavia did not develop before or even at the same time as the chemical manufacturing industry.

If we add to this the increasingly significant item of equipment for the chemical industry, the "import" picture of this industry becomes fatter, that is, its share in total imports is still greater. And that is why the problem of developing domestic production for the domestic market, and then even exports in this industry is even more important, but also more difficult to solve. This difficulty has not, however, discouraged the people in the chemical industry, and they, like other industries, drafted a program in 1978 through their General Association in the Yugoslav Economic Chamber to the effect that by 1980 and thereafter they would establish production to substitute imports.

Moderately Variable From Product Group to Group

The point of departure was the Yugoslav Social Plan and the Agreement on Development of Capacities of the Heavy Chemical Industry for the Period 1976-1980, which called for the ratio of imports to exports to reach 2:1 in 1980 (it was 3:1 in 1975), and balance of 1:1 would be achieved in 1990.

The plan is ambitious, but realizable, provided all participants in the agreements are consistent in implementing it. We can now say that all the goals will not be achieved by the end of 1980, since production is not progressing at the desired rate.

The situation by product group is as follows:

i. Alkalies: instead of the planned 500,000 tons per year, production of only 350,000 tons will be achieved. After all, construction of the electrolysis plant in the new petrochemical complex was omitted when the conception of the investment project was amended.

ii. Manufactured fertilizers: new plants have not been built for nitrogen, and the program for ammonia production is behind schedule. Phosphorus production is on schedule.

iii. Synthetics: only a portion of the planned production capacities will go into operation in 1980, while the others are behind schedule.

iv. Chemical fibers: construction is proceeding at the planned pace, and only the capacities for monomers will not be completed.

v. Synthetic rubber: the capacities will not be completed this year.

vi. Pharmaceutical raw materials: everything planned for the end of 1980 will be completed, and the country will be relieved of a portion of imports.

When all the groups are taken together, the goals will not be achieved in the last year of the medium-term plan, but the progress is obvious. Measured in terms of the size of the investment, 58 percent of the planned volume was achieved in 1976 and 1977, but 70 percent will be achieved by the end of 1980. This means that there is still unused potential and room for improvement.

The table below shows the uneven level of achievement of the import substitution production program that is expected in 1980 for these six industries.

Output in thousands of tons

	1975	1980	Agreed for 1980
Alkalies	245.0	350.0	500.0
Nitrogen fertilizers (N)	356.0	500.0	1,000.0
Synthetics	160.0	450.0	700.0
Chemical fibers	72.0	145.0	155.0
Synthetic rubber	—	—	80.0
Pharmaceutical raw materials (in billions of dinars)	1.1	4.5	4.3

Who, How and When From Here?

Today, when we are on the threshold of a new planning task, the chemical industry faces more seriously than ever the question: How to intensify import substitutions?

Back in its 1978 program the General Association of the Chemical Rubber Industry noted the highly infrastructural nature of the chemical industry. It is highly crucial to the success of agricultural production, construction, the textile industry, the leather industry and the rubber products industry. Petrochemistry has an extremely broad field of application. Every indication is that the chemical industry is essential to the country's overall development, and the construction of production capacities in the heavy chemical industry is a condition for a better national balance of payments.

It is therefore necessary, it was concluded in the General Association, to ascertain which capacities are to be built in which parts of the country, on what schedule and for which product and which products can and must substitute exports, to examine the foreign exchange impact of imports of those materials which will continue to be imported. In the drafting of a dynamic program for substituting imported supplies and raw materials with domestic products over the next 5-year period and thereafter investments should be committed to specific areas, types of products and the dates when production must begin.

The Cheapest Production Operation, But Small in Scale

The problems are complicated, but the goals are also great. They can, however, be achieved through a coordinated effort. It is said of the chemical industry, the heavy chemical industry that is, that it has a low rate of capital formation, at least that is the case in Yugoslavia. Perhaps this is because production is small in scale. If the scale of output is to be increased, the present factories will need assistance, and it is logical for that help to come from those who consume these materials, which are raw materials for subsequent industrial processing.

Judging by some examples given us by Dr Ivan Ivanovic, secretary of the General Association of the Chemical and Rubber Industry in the Yugoslav Economic Chamber, this would not be difficult to achieve in certain fields. Common salt cannot be produced in sufficient quantities, though we know there is enough of it underground, but the mining field has to be defined and salt producers, of which there are a number, have to be brought together. Aside from its use in cooking, salt is used for production of lye and all forms of soda (the one we import most of is soda ash) for the leather industry, for use on winter roads....

Domestic sources could be used to produce every bit of our soda ash. The factory in Lukavac—a work organization that is part of the Soda-So Complex

Organization of Associated Labor in Tuzla--lies at the center of all the raw materials and elements necessary for production: underground saline water, electric power based on coal from nearby mines, and the limestone and ammonia are produced about 2 km away. Because of these exceptional conditions soda ash production in Lukavac is the cheapest in the world, Dr Ivanovic thinks, but it is not produced on a large enough scale. Back in 1960 we were exporting 60 percent of our output, and now we are importing 60 percent to meet our larger demand. Output at Lukavac has been lagging in relative terms, for since that time its output has doubled from 400 to 800 tons per day. The consumers--the glass industry, detergent industry, textile industry and metallurgy--have invested something, but not enough.

Soda ash is not an isolated example. The calcium carbide from which acetylene is obtained was once produced at three points in Yugoslavia, but now at only one. Why did two factories suspend production when these products are needed and might be exported? And the elements necessary for calcium carbide are limestone and electric power, and then it would not be imported.

[Box] Technology

A separate but complementary question is technology for the chemical industry. But let us stick to the authorities. Here is what Dr Ivan Ivanovic has to say about this:

"One of the main questions confronted by the chemical industry when it imports technology is knowing in advance what opportunities that technology has in Yugoslavia for development and advancement and for replacement when the old technology has been amortized; can this improved technology then be sold as our own? Yugoslavia does not need technologies which cannot be improved here, except in rare cases.

"To achieve this the Yugoslav chemical industry should have an ongoing process of personnel development. Expenditures for personal consumption are high in the disciplines working on development, and the solution would be to cut back on obligations for personal incomes for those personnel.

"The chemical industry should not be treated as though it were enough to extend it credits for investment projects. The conditions have to be created for it to build up its own capital so that it could then pool its resources with machinebuilding and the electrical products industry to develop its own technology. This industry will not be able to develop through the mere construction of several large factories, but only through a broader effort. Assuming this kind of conception and organization, the Yugoslav chemical industry could be transformed from an importer to an exporter of products and even of certain equipment."

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FORMATION OF FARMERS' ASSOCIATIONS DISCUSSED

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 1, Jan 80 p 5

[Article by Djura Djukic: "Diverse Forms of Association"]

> [Text] Cooperatives are dominant in Croatia and Macedonia. In Vojvodina there is only the OOUR [basic organization of associated labor] for cooperation (numbering 270 in all). Work organizations of cooperators bring up the rear.

The organization of farmers' self-management and farmers' associations was given a powerful impetus by enactment of the Law on Associated Labor. Private farmers realized that it was in their economic interest to take advantage of the various forms of association which facilitate larger production and higher income and thus a more reliable existence.

Though the formation of farmers' associations has not been maintaining the desired pace, we should not forget that the number of farmers' organizations is nevertheless gradually increasing. According to data of the Cooperative League of Yugoslavia for last year, the country has 514 farmer cooperatives, 176 basic cooperative organizations, 395 basic organizations of cooperators, 17 work organizations of cooperators and 580 basic organizations of associated labor for cooperation.

This latter form is at the same time the one which has the highest percentual share in the organization of farmers (34 percent), and it is followed by cooperatives with 32 percent and basic organizations of cooperators with 23 percent. Basic cooperative organizations account for only 10 percent, and work organizations of cooperators 1 percent.

The forms farmers will adopt depend on their attitude and disposition, but not uncommonly also on the activity of the subjective forces which are helping the farmers to organize and form associations. In this connection we should emphasize that in these efforts the farmers are in some places treated more as the object than the subject in the formation of associations. They are "offered" something, and they take their position.

This should be borne in mind when the number of cooperative organizations is broken down into various forms. The first thing that strikes us is Vojvodina's exclusive commitment to basic organizations of associated labor for cooperation. There are 270 of them in the province, and that is all. The other forms do not exist, and this is not true of any other republic or the Province of Kosovo.

Only Croatia and Macedonia show a pronounced domination of cooperatives. In Croatia there are 212 cooperatives and considerably fewer OOUR's for cooperation--98, which is not a small number. In that republic there are also 12 basic cooperative organizations, 6 basic organizations of cooperators and 1 work organization of cooperators. Macedonia has 83 cooperatives and 19 basic organizations of cooperators.

The most common form in Montenegro is the OOUR for cooperation, of which there are 13, and they are followed by the 8 cooperatives, the 5 basic organizations of cooperators and the 1 work organization of cooperators. In Slovenia, however, the most common form is the basic cooperative organization, of which there are 62, while there are 43 cooperatives. Then come 22 basic organizations of cooperators and 1 work organization of cooperators.

Serbia proper has approximately the same number of OOUR's for cooperation and cooperatives, more precisely 131 and 123, respectively, but these two forms are surpassed by basic organizations of cooperators, of which there are 179. Along with the 56 basic cooperative organizations and 8 work organizations of cooperators, Serbia has the largest number of farmers' organizations--597 (Croatia is second with 329).

Basic organizations of cooperators are predominant in Bosnia-Hercegovina (149), and then come the 61 OOUR's for cooperation, 34 basic cooperative organizations, 28 farmer cooperatives and 6 work organizations of cooperators, while in Kosovo there are 18 cooperatives, 15 basic organizations of cooperators, 12 basic cooperative organizations and 7 OOUR's for cooperation, and no work organizations of cooperators.

Consequently, the most common form in the country is the basic organization of associated labor for cooperation, of which there are 580. Cooperatives are in second place (514). The third group, which is relatively strong, consists of basic organizations of cooperators, of which there are 395. Far behind it come basic cooperative organizations, of which there are 176, and in last place are work organizations of cooperators, of which there are 17.

This breakdown shows that there are not enough of those forms of farmer organizations which are the most like cooperatives in their character. These are the cooperatives and those forms which are closest to them. The reason for this practice is that in some places they encourage only certain forms or even only one, which is the basis of a confrontation of the opportunities

equally afforded by the Law on Associated Labor and the Law on Farmers' Associations.

The essential problem, however, does not lie in the forms but in their socialist and self-management character. It is not so much a question of the name as the self-management and income-sharing relations which develop in farmers' organizations. And beyond that in the broader involvement of these organizations in food production with the entire agroindustrial complex. Certainly no cooperative or other farmers' organization will have a future unless it has links in a broader chain of reproduction.

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DEVELOPMENT OF AGROINDUSTRIAL COMPLEX IN KOSOVO TO 1985

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 22 Jan 80 p 8

[Article by M. Delibasic: "Higher Productivity at Dynamic Growth Rates"]

> [Text] An average annual growth rate of 4.5 percent for total agricultural production. Emphasis put on intensive development of viticulture, fruit growing and livestock raising. The growth of the food industry is estimated at a rate between 12 and 16 percent, and that of the tobacco industry 9-14 percent.

In view of its natural advantages, its abundance of manpower and ever more pronounced needs for foodstuffs, the development of Kosovo's agroindustrial complex over the next 5 years has particular importance. Faster and more harmonious development of this economic sector than in the previous period is to be achieved through the necessary structural changes, an increase of production in the socialized sector and fuller utilization of the capabilities and large unused potential of the private sector. The emphasis will be put on intensification of livestock production, viticulture and fruit growing, and on higher yields of field crops, above all grains, sugar beets and sunflowers.

Agrokosovo Is Seen as the Vehicle of Development

The agroindustrial combine Agrokosovo, a complex organization of associated labor consisting of 18 work organizations and 82 OOUR's [basic organizations of associated labor] accounts for 87 percent of the public sector of agriculture in the province. Today the combine has 85,000 hectares of land, including, for example, 32,000 hectares of plowland, 4,000 hectares of vineyards and 1,100 hectares of orchards. Significant among its other production capacities are the hog farm with a capacity of 26,000 hogs for fattening, 2 poultry farms with a capacity of 25,000 laying hens and about 2,500 dairy cows. Every year the facilities of Agrokosovo produce or process 150,000 tons of sugar beets, 50,000 tons of flour, 38,000 tons of various baked goods, 32,000 tons of meat and processed meat products, 9,100 tons of fruit and vegetables, 12,000 tons of vegetable oil, more than

48,000 tons of grapes and 500,000 hectoliters of wine, 40,000 liters of milk per day, about 30,000 tons of concentrated livestock feed, and then sizable quantities of canned fruits and vegetables, various juices, peanuts, and so on.

In the coming medium-term period the combine plans a considerable expansion and modernization of its present facilities and construction of new ones. The most significant features in cropping will be a change in the pattern of planting to the advantage of industrial crops, above all sugar beets, sunflowers and tobacco, the purpose being to provide the necessary raw materials for manufacturing facilities in the province. The planners have foreseen that with the irrigation available upon completion of the hydrosystems "Ibar-Lepenac" and "Radonjic" production of 18,000 cars of sugar beets, 2,000 cars of sunflower seed and 45 cars of tobacco can be expected in these two sectors by 1985. A major portion of sugar beet production will come from private farmers through cooperation with the socialized sector. In order to process this industrial crop the sugar mill in Pec is to be expanded to 30,000 tons in 1985.

It is expected that higher yields will bring wheat production in the province up to 31,000 cars in that period, and corn production up to 32,000 cars. To achieve this, however, it will be necessary not only to apply the appropriate soil and crop practices, but also to increase considerably the proportion of high-yield varieties of wheat and corn hybrids by comparison with previous years.

New Planting of Vineyards and Orchards

In the coming 5-year planning period an important place has been given to advancement of viticulture and fruit growing. In 1985 Kosovo grapegrowers and fruitgrowers plan to produce 7,000 cars of grapes and 5,500 cars of various fruits, or 35 and 27 percent, respectively, more than the amounts envisaged in 1980. The basic organization in the development of fruit growing is to be improvement of the composition of output, which is to be achieved by renewing present large-scale plantings and by raising new ones in the public sector (1,500 hectares) and in cooperation with private producers (1,000 hectares).

An appreciable growth is also expected in the production of grapes over the next 5 years. At present the province has 4,037 hectares of vineyards in the public sector and 4,000 hectares in the private sector, and it is expected that another 1,700 hectares of large-scale vineyards will be planted by socialized farms by 1985 and 1,000 hectares by private producers. So that the entire grape harvest can be purchased and processed, the plans call for expansion of cellar capacity from the present 3,510 cars to 5,110 cars.

Larger Share for Livestock Production

Increasing the total number of livestock is one of the most important tasks in faster development of the agroindustrial complex in the coming period. The plans therefore call for increasing the number of fattening hogs to 50,000, the number of baby beef to 9,000 and the number of lambs to 25,000. Provision is also being made for increasing the number of dairy cows to 6,380, the number of heifers in calf to 3,200 and the number of pregnant ewes to 5,600. Expansion of the capacity of the milk processing plant in Kosovsko Polje, which at the end of the planning period should be able to process 150,000 liters of milk per day, will be completed in that period.

Development of the raw materials side of the agroindustrial complex certainly calls for a corresponding growth of the manufacturing industry. It is expected that construction of new capacities and reconstruction and modernization of present capacities will considerably increase the output of meat and meat products, canned fruit and vegetables and ready-to-serve packaged foods. There are also plans to enlarge refrigerated storage space from 13,500 to 36,000 tons by 1985.

This kind of development of the agroindustrial complex is mainly possible on the assumption of considerably greater income-sharing relations among primary production, processing and the distribution system. Only in this way will the conditions be created for successful performance of the tasks planned in the coming medium-term period. Moreover, particular efforts will have to be made to promote agricultural production in the private sector, which owns 88 percent of the cropland, 98 percent of the livestock population, 91 percent of the orchards and 58 percent of the vineyards.

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